

SPEECH ON THE BUDGET

BY THE

HON. L. R. CHURCH, Q.C.

TREASURER OF THE PROVINCE OF QUEBEC,

DELIVERED IN THE

LEGISLATIVE ASSEMBLY, QUEBEC,

31ST JANUARY, 1878.

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1878.

SECTION ON THE BUDGET

REPORT OF THE COMMISSIONER OF THE GENERAL LAND OFFICE

FOR THE YEAR 1890

WASHINGTON

1891

GOVERNMENT PRINTING OFFICE

THE BUDGET SPEECH.

QUEBEC, 31st January, 1878.

THE TREASURER moved that the Speaker do leave the Chair for the House in Committee of Supply, and in doing so delivered the following Budget Speech :—

MR. SPEAKER,—Any one who has watched the receipts of a Treasury or Revenue Department from month to month of a critical year, whether that Department be for this Province, or for any larger or smaller state, and from time to time, in his anxiety, compared these receipts with previous ones, must have experienced various feelings of elation and depression, according as the guage registered an increase or a deficit, and for you and me, responsible as we are to the people, I primarily, and you, secondarily, the past fiscal year has been one of unusual care and anxiety. In a revenue like ours, of which so large a portion is fixed, the margin over which the diligence or energy of a treasurer can be exercised, and assert any control, is necessarily limited, and relatively small, and as he watches the fluctuations to which I have referred, and recalls his own helplessness, his feelings are at times neither reassuring nor enviable. At length, however, the year closes, and the result, whether satisfactory or unsatisfactory, is known, and when the time approaches that it must be rehearsed, it is rather with a feeling of relief than any other, that he places in the hands of the House, and of the country, the burden of his hopes, fears and anxieties for the period just closed. Some such feelings have been mine during the past year, and now, face to face with you, the representatives of the people, I have come to tell you of the past and of the future, so far as they concern the fiscal year, which closed with the month of June last, and the year which will open with the first of July next (1878). I have said the past year has been an anxious one, for I was dealing with an expenditure which was larger than any which had preceded it, and I had to mark how far the provisions made to meet the burdens, which that expenditure occasioned, were adequate to that end. As day by day, or rather as month by month, the cash balances at our credit in the banks diminished, and

the assets which represented them developed, one in my position could not but associate the idea of a diminution of 50 or 100,000 dollars in the bank, and a consequent loss of interest on that amount of money, with, say, the extension of the railway from Quebec to St. Anne's, or from Montreal to Lachute, and to calculate to what extent the traffic returns from such railway communication would go to make good such deficiency of interest; and thus has passed the long hot days of summer, and the cooler and shorter days of autumn; and now, standing here, we may not alone consider such questions together, but we may, and with your indulgent forbearance we will take a glance over all the important fiscal events of the year.

THE FISCAL YEAR 1876-77.

And first, beginning where we left off last year, let us see what have been our receipts for the fiscal year ending the 30th June last (1876-77). I know, Mr. Speaker, that it is not easy to interest all the members of the House, and much less all the people of the constituencies outside of the House, in the dismal science of figures, but if you will give me your attention for a few minutes, I think I can so state and group the transactions of that year, that any one who will may comprehend their meaning, and the relation which they bear to the past, and in a manner see the forecast of the future. The revenue of the year 1876-77 was \$2,433,111.65. In this year we had, unlike the preceding one, the advantage of testing fairly the results of the legislation, having for its purpose the meeting of the interest and sinking fund on the new loan, and later on and in another connection, I shall have to refer to the subject again. I merely desire to say now that the year was a complete one financially speaking; all the sources of revenue having the full year to operate in and yield returns. Towards making up the gross amount which I have just named, we had an old and valued acquaintance in the Dominion subsidy, and the interest upon such trust funds as are in the hands of the Dominion Government. The subsidy proper being as heretofore \$959,252.80; the trust funds yielding \$55,459.32. As a gourmand turns a sweet morsel in his mouth, anxious to realize and enjoy to the fullest extent its grateful flavor, so do I, the Treasurer of the Province, as I think of this item of revenue, reflect and enjoy the thought that it represents no new sacrifices, nor new burdens, but one incorporated in our constitution, and which no time, or calamity, or depression can affect. It is there for all time, costing us, as I stated last year, nothing in its collecting or management, and a guarantee to our creditors and ourselves, that for almost the half of all the necessities and obligations of

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the Province, there is at all times, and for all time an adequate provision. Next comes the item which may be said to represent more than any other the nation's inherited wealth. I mean the

REVENUE FROM OUR CROWN LANDS.

Hitherto, Mr. Speaker, the only revenue we derived from the millions and millions of acres of our Crown Domain, was from the sale of certain descriptions of wood growing upon it, but with this year opens another era, and I have it from my friend, the Hon. Commissioner of Crown Lands, that it is his intention to submit for your approval, a scheme, having for its object the utilization for revenue purposes, of these mineral and economic deposits, which recent explorations have proved to exist in the Ottawa country, and which seem destined to contribute in no mean measure to the future of this Province, and indeed to the Dominion.

When we think of the results which promise and have attended the efforts to export meat, butter and cheese from this country to England, and when we think how these alluvial plains at the foot of the Laurentides, now in a measure exhausted by unwise and unsystematic farming, may be refertilized and made to bloom under the stimulating and fertilizing effects of those

DEPOSITS OF PHOSPHATE OF LIME

which, in the words of Mr. Vennor, exceed in value and amount anything of its kind which the world has ever seen or known heretofore; or, to use his own words, as copied from a public letter published by him last September, wherein he says: "I cannot refrain from expressing it as my firm conviction that in no other part of the world has there ever been, or will there probably ever be, such a continuous stretch of phosphate bearing rocks and such a vast and apparently inexhaustible deposit of the mineral phosphate of lime as exists in Ottawa and possibly the immediate adjacent county to the eastward and further." "This mineral," he adds, "rather than any of the ores of iron, is destined to form the great centre of all mineral industry, in this section, for ages to come." Since then I have received the following letter:—

"GEOLOGICAL SURVEY OF CANADA,
"21st January, 1878.

"HON. L. R. CHURCH,

"Quebec:

"SIR,—In accordance with your request I herewith offer for your consideration the following notes relating to the occurrence of phos-

phate of lime in the Ottawa region. The mineral is held or carried by one particular belt of rock, which can be easily identified by a practised eye wherever met with. This has now been traced from Hull Township to Backatong Lake, a total distance of upwards of ninety miles. Here it turns around, and folding under a synclinal axis, returns southward again along the Lievre side of the country, finally reaching the Township of Buckingham. The belt of rock is thus exposed and aforms continuous outcrop for a distance of about 180 miles. Of this distance as yet only a very small portion has been tested by mining operators; yet the little that has been done has returned results beyond the expectations of the most sanguine. The townships in which this belt has been to some extent tested are Buckingham, Portland, Templeton, Hull and Wakefield. The chief openings are those of the Buckingham Mining Company in Buckingham and Portland; Brown's, in the last named township, recently sold for \$16,000, to Pesrton's of New York; Miller & Haycock's, and McLaurin's, in Templeton. The openings in Hull and Wakefield are innumerable and of great importance. From all of these openings several thousands of tons of No. 1 mineral have been raised and shipped to Liverpool at very considerable profits, and this without any extra effort or attempt at deep-mining. The cost of mining, taken at the average, is about \$5.00 per ton; transport to Montreal *via* O. & O. Railway, inclusive of drawing from mines \$1.50 per ton. Freight from Montreal to Liverpool, say \$5.00. Handling, 50 cents more per ton. In all, total cost laid down at Liverpool may be safely put down at from \$12 to \$13 per ton. The price of No. 1 Phosphate in England varies from \$27 to \$29 per ton. From these figures will be at once seen the very large margin in this particular branch of mining industry. The whole enterprize however is yet in its infancy. I do not hesitate to say that along the whole course of the phosphate belt of rock (180) there will hardly be found one square mile that does not contain or embrace one or more valuable deposits of the mineral. I have myself discovered some forty-five localities in which it appears to exist in very large quantity, and all of these are yet out of the circle of mining operations. What is now wanted is a thorough geological investigation of this whole region—not a mere cursory examination with one or two men, backed up by a paltry sum of \$1,000 or \$1,500—but a systematic survey with a well organized party, supported by ample funds, so that casteen test pits, excavations, and all other tests deemed desirable, could be made. It is my firm conviction that these deposits of phosphates are to be followed out much in the same manner as are coal seams, and should this be proven and work conducted in a systematic

manner, an industry would be created in our midst that the most sanguine never dreamed of. The supply is to all intents and purposes inexhaustible. It is my present intention to devote myself entirely to this particular economy until I have proven either that my present surmises respecting it are correct, or that they have been premature and are untenable.

Hoping that these very hurriedly written notes may be of some slight service to you, and help in some way my further investigations,

I remain, dear Sir,

Yours, very respectfully,

, (Signed)

HENRY G. VENNOR.

But to return. When we think of these plains, I say, thus restored to their pristine richness and carefully managed under the improved ideas of culture everywhere making itself understood amongst our people, and when we think of the ready means by which the beef, the butter, the cheese, and mutton and other products of these soils under improved scientific means may be transported to England by our unsurpassed lines of steamships, and delivered right in the very heart of that country, and the advanced prices they will there command over what has been hitherto received ; when we think of the wonderful results which a perseverance in these practices for a limited number of years must achieve, we see in this discovery of Mr. Vennor and others the dawn of a new era of prosperity for our Province—an era which will allow of our young men remaining at home and not emigrating elsewhere ; an era of prosperity which will open up a new class of industries to engage and develop the energies of our people ; a new era which will enable us to use in useful and profitable home enterprises any surplus capital which we may possess, and lay the foundations of the future destiny of this Province, which I firmly believe is intended to be the centre of mineral and commercial enterprise for the Dominion of Canada. It is not a little singular, and I cannot refrain from dwelling a moment upon the fact, that the construction of the Q., M., O. & O. Railway has, more than any other thing, contributed to the opening up and realization of the fact that great undeveloped wealth belonged to the Crown in these Crown Lands, over the timber which grew upon them, or their fitness or value for agricultural purposes. For all along the line of the road in the course of its construction were scattered a large number of men, sub-contractors and others, who were familiar with quarrying and blasting and the character of different rock ; and these men having to carry on these works in the very heart of these new dis-

coveries were attracted to examine, and with such success that I am assured there is scarcely a sub-contractor on the upper part of the road not now engaged in mining enterprises, and with very flattering prospects of success, thus affording traffic for the road and employment to the hundreds of people who would be without employment, owing to the depression in the lumber trade, had these discoveries not been made,—being a means, too, of drawing under the notice of the outer world the generous dower of mineral wealth which has been given to this historic old Province of ours; and a means of introducing foreign capital in our midst, and affording by its success a stimulant to the curious and speculative, to see whether such natural wealth has been given only to one locality, or whether the same, or other and equally valuable deposits of economic minerals are not to be found besides those known to exist at the present time.

THE TIMBER TRADE.

But coming back from this, which in a measure may be the domain of fancy, to the hard, stern facts of the year, we find the Crown Lands have yielded \$517,463.80, a sum some \$86,915 less than the preceding year, and affecting *pro tanto* the total revenue. To any one familiar with the state of our staple trade, the falling off in the receipts of this Department will not be matter for surprise or remark. Our chief regret must rather be that we have not yet begun to feel any revival of the trade. Whether anything can be done to stimulate an earlier return to its former prosperity, by recasting the manner in which duties are exacted, or in any other manner, must engage the attention of my hon. friend on my left (Hon. Mr. Garneau); as well as the not less interesting question for you all, whether, whilst helping the trade, anything can be done to add something to the revenue of the Province, over and above that which it now yields. I feel bound to say that no more important, difficult or delicate question could engage the attention of the head of a Department than the one I am now referring to; and I can only hope that in all which may be devised wisdom and knowledge may guide the Executive, and that a result broad and sound enough to be the policy of the future decade will be determined upon. All of us know the difficulties of the trade; all of us know, or may know, the necessities of the future; all of us, by observation and judicious reflection, may contribute to wise results. Let us, therefore, in all that affects our staple trade, act carefully, prudently, unitedly and deliberately. Brought into direct rivalry with Ontario in the same market, we must not burden our people more than those of Ontario, nor more

than the trade will legitimately bear, whilst those who pursue it must be willing to accept cheerfully their fair share of the burdens of the people, and contribute, according to their success, towards the revenue of the Province. Practically monopolists of the Crown Domain, they have their duties and obligations to the State, whilst, as pioneers of settlement and guardians of a great industry, the State has duties towards them. In the course of the year, as is probably well known to all members of the House, the bonus exacted on the transfer of limits has been reduced from eight to four dollars per mile.

Without entering into any discussion as to the wisdom or un-wisdom of the Executive in originally imposing this impost, nor of its suitability to meet the objects which the Commissioner of the day had in view, it will be conceded, that as a source of revenue, it was of little value ; and that it seriously interfered with transactions in limits, which in a time of depression, not to say distress, might, if less shackled, be availed of to relieve many members of the trade from their embarrassments. Hence the action of the Government.

OTHER REVENUES.

Law Stamps this year yielded \$197,981.32. This item of revenue manifests an expansion of between nine and ten per cent. for the year, over the receipts of the previous one. I cannot say that I am very fond of this tax, for it is a tax on redress ; yet, under our Constitution, unless you make non-litigants bear the burden of litigants, I suppose there is no other means of making our courts in a measure self-sustaining.

The revenue from Registration Stamps \$15,558.51, has increased twenty-five per cent., and yet does not yield what it should do, in view of the large sums spent and being spent on the Registration Service, but now that the cadastres have been completed and proclaimed in many counties, and parts of the country, the clause of the Act, 32 Vic., cap. 25, and the Orders-in-Council passed under its authority in June, 1870, and August, 1877, giving us 15 per cent. of registration receipts, our revenue from this source should be materially augmented, and you will see in my estimate of revenue for the next fiscal year it has entered into my calculations.

ASSURANCE STAMPS.

The Revenue from this source was \$33,847.13, and the House will naturally and very properly expect in this connection, some information as to the progress of our law-suit with the insurance companies to test the validity of the Provincial Act, 39 Vic., Cap. 7,

imposing a duty upon assurance policies or premiums. The recent judgment of the Court of Appeals in the insurance case brought by the Province against the Queen Insurance Company compels me to invite the attention of this House to the questions upon which that judgment turns, and necessarily, in so doing, I shall be forced to speak in somewhat critical terms of some of the *dicta* contained in the said judgment. In doing so I shall endeavor to put aside all questions not strictly within the domain of my office, leaving to the law officers of the Crown, and their counsel, the task of dealing with the law issues, properly so called, which are without my domain, and still finally undetermined by the courts. I desire to add, moreover, as a lawyer, I have a most profound respect for the *personnel* of that Court, and for the dignity and ability with which its public duties are performed ; but here, on an occasion of this kind, where a seeming conflict has occurred between the judicial and legislative branches of the Government in the interpretation of the Constitutional Act, and where it would be supineness or gross indifference to great public concerns if we hesitated to look current events in the face, I cannot and I ought not, Mr. Speaker, to hesitate to at least record the fact, with such reflections as it becomes me to make on a matter not yet finally determined, but upon which the country and the Legislature has a right to know the opinion of Her Majesty's Government. I understand, from the reports I have seen of the judgment, Chief-Justice Sir Antoine Aimé Dorion, and Justices Monk, Taschereau, and Cross, as declaring, in broad and general terms, that the Province may impose, under the Constitution, direct taxes, but not indirect ones.

Now, at first sight, this may seem to make such a broad and general definition of the classes of taxation within the province of this House as to leave little to conjecture ; but, on second thought, I think it will be found that such is not the case. The constitution, as was declared by one of the learned judges in his judgment, makes no definition of what is direct and what indirect taxation ; and these terms are of such an elastic and indefinite character that financiers, legislators and judges may well be pardoned if they do not agree. Unfortunately, under our constitution, we cannot say as the Right Hon. Mr. Gladstone, in presenting his budget, once said :—" I have always thought it idle for a person holding the position of Finance Minister to trouble himself with what, to him, is necessarily an abstract question, namely, the question between direct and indirect taxation, each considered upon its own merits. To many people both, as is natural, appears sufficiently repulsive. As for myself, I confess that owing to the accident of my official position, rather than to any more

profound cause of discrepancy, I entertain quite a different opinion. I never can think of direct or indirect taxation, except as I should think of two attractive sisters, who have been introduced into the gay world of London, each with an ample fortune, both having the same parentage (for the parents of both I believe to be Necessity and Invention), differing only as sisters may differ, as where one is of lighter and another of darker complexion, or where there is some agreeable variety of manner, the one being more free and open, and the other somewhat more shy, retiring and insinuating. I cannot conceive any reason why there should be unfriendly rivalry between the admirers of these two damsels ; and I fondly own, whether it be due to a lax sense of moral obligations or not, that as Chancellor of the Exchequer, if not as a member of this House, I have always thought it not only allowable, but even an act of duty, to pay my addresses to them both. I am, therefore, as between direct and indirect taxation, probably impartial."

The Court, in the particular case to which I have referred, declared against the tax because it was indirect, and had in reality to be paid by the assured. This at first blush, and indeed upon reflection, is difficult to understand, because the Act in terms declares that the assurer shall take out an annual license in order to practise the calling ; says he shall pay a fee or duty for it ; that that duty shall be fixed in a certain manner, and for a certain amount on his receipts ; that it be paid at a certain time, and in a certain way by him ; that his neglect to do so shall entail a certain penalty upon him and upon him alone, and only in the most remote manner affects the insured, and that only to the extent of declaring his policy valueless, if the assurer has not stamped it. Does this not strike you, Sir, as legislation levelled at the assurer, and at him alone ? And if so levelled at him, is it not a direct tax against his business ? Take the definition of the greatest living author on political economy of his day. I refer to John Stuart Mill and apply it to the case. Mill defines "a direct tax to be one which is demanded from the very persons who it is intended or desired should pay it." Who is this tax demanded from ? Who is intended or desired shall pay it ? The Act says the assured. Again, take the remarks upon the Fire Insurance duty in England by the Right Hon. Mr. Gladstone in his budget speech of 1864, in which he says : That for two-thirds at least, viz. : all that portion of the duty which falls upon property it is a direct tax, and indirect for the other third, or such portion as falls upon stock-in-trade, and this distinction formed the basis of a readjustment of his duties. Again, consider the definition of Professor Fawcett, than whom no more

accurate or correct thinker exists in England. He defines a direct tax to be one which is really paid by the person from whom it is levied, and then goes on to prove that there is not necessarily any essential distinction between a direct tax and an indirect tax, and that a direct tax may be converted into an indirect one simply by a private commercial agreement. But let the honorable gentleman's own words speak his views: — "Direct and indirect taxation are words of such frequent use that they probably need no definition. It may, perhaps, however, be well to state that a direct tax is really paid by the person from whom it is levied, whereas an indirect tax, though nominally paid by one person, is really paid by another. An income tax, and all assessed taxes, such as taxes on private carriages and dogs, are direct taxes, for they deprive those who pay them of an amount of wealth equivalent to the tax. But an entirely different result follows with regard to an indirect tax, such as the malt duty; for in such a case, although the malt duty is in the first instance paid by the maltster, yet the tax really comes out of the consumers of beer, because the price which they are compelled to pay for beer is increased by an amount which must at least be equivalent to the tax imposed. It is, therefore, manifest that taxes on commodities are indirect, because if commodities are taxed they are increased in price, and consequently the consumers of the commodities really pay the taxes, although they may in the first instance be levied upon the importers or producers of commodities. It must not, however, be supposed that there are no indirect taxes, except those which are imposed upon commodities; for instance, a tax which is in its essential character direct, may become indirect by private and commercial arrangements, and by many other causes. Thus, in England it is customary for the tenant farmer to pay poor-rates; it is, however, evident that all such charges as these are really paid by the land owner, because, if a farmer has to contribute one hundred pounds a year in poor-rates, he is able to pay so much less a year for the use of his land; consequently, if no poor-rates were imposed, the landlord might increase the rent of his farm by the whole amount which his tenant previously contributed to these rates. The same remark applies to various other rates and also to tithes. It appears therefore that there is not necessarily an essential distinction between a direct and an indirect tax; for we have seen that a direct tax may be converted into an indirect tax, simply by a private commercial arrangement, since there is no reason whatever why the poor rates should not in all cases be paid by the landlord, and not by the tenant. If this were done the poor-rates would become a direct tax. It is therefore

possible that the words direct and indirect, when applied to a tax, may denote only a nominal distinction; the tax, however, which is imposed upon commodities cannot be made a direct one, since it would be impracticable to levy the tax upon each person who may have to purchase any particular article; consequently the real points of distinction between the two different systems of taxation will be best elucidated by comparing the effects of a direct tax with those which result from a tax imposed upon a commodity. I am aware that it may be urged that this proves too much, but I cite the authority to shew that it is the manner in which a tax is imposed and the person whom the Legislature directs to pay it that defines its character for directness or indirectness, and not any man's theory of who ultimately will have to pay it. Moreover, what is an insurance policy on property? It is nothing but a prudential contract entered into by a person who feels that he is either unable or unwilling to bear the risk of its contingent loss by fire, with some assurer, who, in consideration of the payment of a certain premium, is willing to accept the contingency of bearing such loss. Now, if a law be passed which says, that before any one can execute such a contract, a certain one of the parties shall pay a certain duty upon his gross receipts or on the consideration money to the Crown, is that not a direct tax against him? If the statute left it undetermined by whom this duty should be paid, or if it were capable of being incorporated by the assurer or company with the rates charged by it, and a general average struck, it might be contended that, becoming incorporated with the rate charged, it was thus distributed over the general transactions of the company, and finally paid by the insured. But, inasmuch as every house or other property, by its value, surroundings, style of architecture, materials of construction, water supply, police and alarm provisions, proximity or remoteness to extra hazardous risks, etc., is a type for itself, the imposition of a license or duty upon him or them who assume the risk of its destruction by fire is, to my mind, as direct a tax against him "from whom it is levied," to use the words of Fawcett, or paid by the very person who it is intended or desired should pay it. If we regard or respect the words of the Act, as I can conceive, and even if we give effect to Mr. Gladstone's distinction, and draw a line as between the property and the stock in trade, still the words of the Act, making it payable by the assurer, and thus showing whom it was intended or desired should pay it, provides for this specious objection, and refutes any argument based upon the assumption that the payer of the duty will add it to his other margin of advance upon the goods, and thus

ultimately collect it from the consumer. Take, on the other hand, the case of a life policy. In what does this differ from the case of an owner of property? Each individual life is a rule for itself, in which physical and mental vigor, the existence or non-existence of hereditary or acquired disease, the occupation of life, the years a man has attained, his personal habits of sobriety or insobriety, and a thousand other and varying considerations adjust the premium, and with it the duty which his assurer must pay before he can enter into any contract with him on the subject. In conclusion, one would be very much inclined to agree with the hon. and distinguished ex-colleague of the present Premier for England, the member of the Imperial House of Commons for Buckinghamshire, who frankly in a debate on the Budget, stated that he did not know of any great authority to whom he could refer for a definition of what was a direct tax and what was an indirect tax, if it were not that our constitution makes use of the expression "direct taxes" and it becomes matter of necessity, or it is of prime concern to obtain an authoritative declaration of the true meaning of the words, and this will be accomplished by the appeal to the Privy Council. In these remarks, Mr. Speaker, I have carefully avoided the constitutional question and dealt with the subject from the standpoint that the tax was a direct one, leaving to the lawyers and to the bench of judges to consider in what way the Imperial Statute is to be construed, whether by the light of the Confederation debates, the Resolutions of the Confederation Congress, the pre-existing legislation on Licenses in the United Canada of 1841-67; and of course the same legislation in Nova Scotia and New Brunswick, or merely as an Imperial Statute brought before an Imperial Court for elucidation and interpretation. I trust in what I have said no one will find, or think he finds, any want of respect for the court whose judgment I have alluded to.

Marriage licenses have yielded \$6,558.00 the same as last year, less seventy-two dollars,—thus have twelve couples, it is to be supposed, through the "obduracy of hard-hearted parents," or the "commercial depression," or "lack of affinity," or "want of pluck," or some other equally potent but less suggestive cause, been kept apart—a result in which the Government accepts no share of responsibility, as the stock of licenses was always equal to the demand.—(Laughter.)

TAVERN AND SHOP LICENSES.

This important source of revenue yielded \$228,138.82 having increased about 10 per centum during the year, and in this connection, I may say, I have taken advantage of the Commission to revise the

statutes, to have the draft Act which I submitted last year revised by them, with the view of its ready incorporation into the Revised Statutes without any difficulty when it shall have been adopted by this House.

Law fees, exclusive of stamps, is a small item, \$8,158.36, but shows a satisfactory increase of between 40 and 50 per cent.

Fines under the License Act stand at \$6,482.67; and have more than quintupled, and whilst they show a manifest disposition on the part of some of our people to evade the law, are at the same time a testimony to the zeal and assiduity of some of our detective and revenue officers. I may say that a portion of our police has been detailed during the year for revenue purposes, and the result has been what I have indicated in the large increase in the fines, to be followed, I hope, by a more satisfactory and legitimate increase in the obedience of persons wishing to engage in the licensed victuallers' trade to the law by their taking out the licenses which the law requires.

Fines, Justice—This is a mere trifle, \$157.02, and shows a slight diminution.

The Building and Jury—This fund has not been satisfactory, for, although it shows \$17,410.41, being an increase of over 50 per cent., yet there are large accumulated arrears which it is difficult to collect. The moment the Sheriff, acting under the orders of the Department or in conformity with the requirements of the Act, attempts to enforce payment of the amounts due, in hot haste comes a letter from the member of the county, the Curé or Mayor of the parish, or a petition from a number of the ratepayers, stating that special reasons exist, from some cause or other, why the sum should not be enforced. Now, I respectfully suggest that in view of the mere trifle which the municipalities of Lower Canada contribute towards the administration of justice here as compared with any other of the Provinces, and notably with Ontario, with which I am familiar, and which in the aggregate only amounts to \$13,877 exclusive of stamps, it is not reasonable that the municipalities should not pay their full quota, nor just to those who do, that any should be allowed to fall into arrears. If the House should be of opinion that a specific charge such as at present exists of from \$12 to \$24 per municipality is not just, and that the burden should be adjusted upon the basis of population or the assessed value of each county or municipality, I am ready to accept the latter idea, and then the principle that people should contribute to the burden of the State in proportion to their means, would prevail, and I would be happy to see this tax put upon this basis.

POLICE.

Some of the changes foreshadowed in my last financial statement have occurred in this force. Not being able to come to terms with the City of Quebec as to the amount of the annual contribution of that City on the first of May last, we withdrew the police from its municipal duties here, and a city force was substituted. Since that time a portion of the force was despatched to Montreal for revenue purposes, and the result has been in many respects satisfactory; and so soon as time has been given to put the new system into working order, there is no doubt but a considerable saving will be effected, and I believe greater efficiency given to our revenue system and increased protection to licensed dealers. The amount collected, \$46,950.57, represents some arrears as well as revenue proper for the year.

ADMINISTRATION OF JUSTICE.

The vagrant tax has yielded us this year \$9,804.33, a sum not equal to the anticipations of my predecessor when he submitted the tax, but one which diminishes *pro tanto* the burden of the general public.

The House of Correction, Montreal, only gave us.....	\$ 1,426 92
Montreal Court House, exclusive of stamps, gave us only.	3,977 57
Education.....	5,704 47
Special Protestant Superior Education Fund.....	10 42
Special Roman Catholic Superior Education Fund.....	552 80
Legislation, viz :	
Sale of Statutes.....	219 20
Fees on Private Bills.....	3,539 32
Printing Private Bills in Statutes.....	506 40
<i>Official Gazette</i>	34,607 77

THE MUNICIPAL LOAN FUND

this year only yielded \$1,167.30, and is a subject of increasing interest, for in a few months of two things one will happen, either the pretended award will be annulled or confirmed; if annulled, we will then enter into steps to divide the assets in the schedule between us and Ontario on some just and equitable basis, if confirmed we will only have to take what is given us by the award, and amounting, with what belongs to us in the hands of Ontario, to between four and five millions of dollars, and make such use of them as may be deemed meet, and amongst these assets is to be found the Municipal Loan Fund, the Lower Canada portion of which amounts to \$2,172,865 of principal

and \$1,131,634.96 of interest, the principal of this loan bears interest at 5 per centum, and the arrears of interest bear six per cent. and the former would give us as an item of revenue over \$100,000 per annum, if all were collectable, and honorable gentlemen will have noticed that I have taken this into the account, and have, in my estimate of revenue, taken \$108,643.00 from that source. Hitherto no very considerable amounts have been collected from this fund, because it was in an unsettled condition and we were not the owners of it, and had, I am informed, protested against the right which Ontario assumed to deal with the Upper Canada section of the fund in a definitive manner, and we could not consistently do anything with the Lower Canada portion, when we denied the right of Upper Canada to deal with it. Hence it lay in abeyance, the Province merely collecting such sums as passed through its hands, or were payable by the Dominion Government as indemnity to the townships for the cost of abolishing the seigniorial rights in the seigniories. Now, however, as I have said, matters are changed, and in a few months this asset will be available, and cannot but afford us large returns. I do not suppose that the policy of the Government will be to exact the full amount of the indebtedness of each municipality under that fund, but it cannot be expected that some use will not be made of it calculated to relieve the Provincial Exchequer from some of the burdens now imposed upon it. Upper Canada, or rather Ontario, has dealt with it, and in a way, I believe, which has given general satisfaction. I do not know, nor, indeed, have I yet considered, what course we should adopt ; acting under the old rule for the making of hare soup, which, you all recollect, was, first catch your hare : in other words, first get a legal title to the fund, then see what it is best to do with it. In the meantime the fund grows annually by the amount which I have taken into the estimates, and we are, I think, justified in taking it into the account of the normal revenue for the year which must find us in possession of it, and, if we get anything like justice, much more.

The Quebec Fire Loan has only yielded \$735.40, and is another of these funds not yet definitively settled. We are for the moment in possession of it, whether wisely or unwisely—certainly unwisely if the price paid for the possession of such funds was to allow Ontario to get possession of the only real assets, which were the joint property of the two Provinces of Upper and Lower Canada. But, however obtained, we are in possession, and it has yielded, as I have stated, \$735.40. Of course, this fund, like its predecessors, must be dealt with, as soon as it is ours definitively, in a formal manner.

The contribution to the Montreal Female Gaol of \$25,000 has been

paid and forms part of the assets. The Pension Fund amounts to \$3,402.32. Casual revenue to \$978.31; the amount of refunds was \$4,895.19; and interest reached the large sum of \$243,166.20; made up of \$199,102.64 on bonds, \$36,498.43 on special deposits, \$935.05 on ordinary deposits, \$71.17 on police, \$3,000.00 on Beauport Asylum, \$3,558.91 on St. Jean de Dieu Asylum. Of course this large item must now disappear in a considerable measure. There will remain the interest for the current year on the railway monies for such period of time as they lay in the banks and awaiting the demand of the Commissioners, and interest upon unused balances in the banks as may be from time to time arranged. During the interregnum between the expenditure of these monies and the leasing of our roads, there must be a serious loss to the Province, for on the one side, the money which these roads cost is lying unremunerative, and the bonds, which are the acknowledgement of our indebtedness for the money, are drawing interest; but the efforts which have been made by the Commissioners to get them as far completed as was possible, as is proved by the great progress made since last session, shortens that period as much as it was possible to shorten it. Now, the western end of the road, viz., between Montreal and Hull, is ready to be leased and the period of time fixed by the public notices for parties to tender has nearly expired, and I hope before many weeks the lease will be signed and the roads yielding the first instalment of the large sum which is expected from them so soon as they are finished. By adding up these several sums, you will find they amount to \$2,433,111.65 as the total gross revenue receipts for the year, exclusive of monies paid us on account of purchases of bonds by the Merchants' Bank. If to this sum of \$2,433,111.65 you add \$4,185,333.33, being the gross sum received from the Merchants' Bank as the price of the bonds purchased by them from us, you find that the total gross revenue of the year and the cash thus received amount to \$6,618,444.98, being the total cash which came into the Treasury during the year. Now add to this the amount which I told you last year was in the banks on the 30th June, 1876, viz., \$2,122,016.56, and you will find a grand total to be accounted for of \$8,740,461.54.

EXPENDITURE 1876-77.

Now, how has this large sum been dealt with, and what portion remained unexpended on the 30th June last (1877)? In the first place, upon the ordinary services the following sums were expended, viz., upon :

Legislation.....	\$167,969 21
Civil Government.....	165,273 91
Administration of Justice, Police, Reformatories and Prison Inspection.....	520,358 77
Public Instruction, Literary and Scientific Institutions, Arts and Manufactures.....	360,730 18
Agriculture, Immigration, Repatriement and Colonization.....	189,387 13
Public Works and Buildings, not chargeable to Capital.....	77,734 70
Charities, including Lunatic Asylums (\$182,287.68), Reforma- tory and Industrial Schools.....	240,748 16
Crown Lands, exclusive of Registration Service.....	75,179 03
Quebec Official Gazette.....	16,800 00

SUNDRIES.

Miscellaneous.....	\$22,816 53
Philadelphia Exhibition.....	2,200 00
Copy of Registers, St. Gervais.....	600 00
Municipalities Fund.....	144 00
Stamps, Licenses, &c.....	11,426 18
Tanneries Land Investigation.....	10 50
Marriage Licenses.....	6,630 00
Payments by Revenue officers out of their collec- tions.....	27,234 13
	71,061 34
Total ordinary expenditure.....	\$1,885,242 43
exclusive of payments to railways, and interest and management of public debt.	

CHARGEABLE TO CAPITAL.

Public Works and Buildings.....	\$127,829 07
Registration Service.....	93,899 79
	221,728 86
	\$2,106,971 29
Interest and charges of management of Public Debt.....	407,176 01
	\$2,514,147 30
Total Payments, Railways excluded.....	
Payments to Railways.....	3,481,670 24
	\$5,995,817 54
Total expenditure, Railways included.....	
Warrants outstanding 30th June, 1876.....	\$ 39,059 39
	\$6,034,876 93
Deduct warrants for ordinary expenditure outstanding 30th June, 1877.....	14,136 19
	\$6,020,740 74
Deduct also warrants outstanding on 30th June, 1877, on rail- way expenditure.....	93,891 99
	\$5,926,848 75

Thus we have the following as the summary of the year's transactions :—

Total receipts, including balance on hand, 30th June, 1876	\$8,740,461 54
Total payments	5,926,848 75
Balance in Treasury	\$2,813,612 79

which is deposited in banks, as detailed in Statement No. 2 of Public Accounts ; or, summarizing the statement in another form, we have the following :

Receipts, exclusive of proceeds of Bonds, including balance 30th June, 1876	\$3,424,644 66
Expenditure, exclusive of payments to railways, but including \$221,728.86, chargeable to capital, and \$407,176.01, interest, &c., on public debt	2,539,070 50
	\$ 885,574 16
Proceeds of Bonds, including balance 30th June, 1876	\$5,315,816 58
Payments to Railways, less outstanding warrants..	3,387,778 25 1,928,038 63
	\$2,813,612 79

The only other fund upon which it is necessary I should say a few words, in order to complete the financial statement of the year with which I am dealing, is the Judicial Deposits. From it we learn that a total amount of \$2,255,835.12 has been received, including interest since the Judicial Deposit Act came into force, and that \$2,050,379.72 has been paid out, including charges up to the time I am speaking of, viz., the 30th of June last, 1877, leaving a balance of \$205,435.40, for the disposition of which I refer you to Statement No. 13 of the Public Accounts—or to recapitulate the figures respecting that fund :

The total amount received, including interest since the

Act came into force to 30th June, 1877.....	\$2,255,835 12
Total payments, including charges to same date	2,050,379 72
Balance in banks	\$205,455 40

So much for mere figures ; now let us examine results. And to enable us to do so it is necessary to draw a distinction between ordinary normal annual revenue and expenditure, and extraordinary, or, rather, unusual revenue and expenditure ; inasmuch as, if we do not dissociate our railway construction and subsidy account from all others, its very magnitude dwarfs, whilst it destroys—or, rather, I should say,

covers up—the more important question of what is the true normal annual revenue of the Province, and what is its true normal annual expenditure, and how far has or does the one provide for the wants or demands of the other.

Pursuing, then, this distinction, we find that we have received, as ordinary normal annual revenue (and exclusive of railway bonds or their proceeds), during the fiscal year 1876–77, \$2,433,111.65, and we have expended during the same period of time (exclusive of moneys paid to railways, but inclusive of \$407,176.01 of interest upon our railway bonds) the sum of \$2,514,147.30, making or leaving an apparent deficit of \$81,035.65 on the transactions of the year. Now, if there be no means of reducing this amount fairly, we are face to face with an expenditure exceeding revenue. Let us, therefore, see if such is the case.

In the first place we have bought and paid \$13,100 for agricultural exhibition grounds at Montreal; next we have loaned to the Department of Public Works, or we have advanced to it out of the revenue of the year, the sum of \$43,521.90, in order to enable that Department to proceed with the construction of the Jacques Cartier Normal School building at Logan's Farm, which sum of money will be returned to the treasury so soon as the property on Notre Dame street, in Montreal, now occupied for Normal School purposes, has been sold, an event which you all know has been deferred owing to the depressed value of real estate in Montreal at the present time and for the past two years. Besides, we have paid out of the revenues of the year \$33,806.83, which were spent upon the new public departments in this city. We have also spent, to complete the new Female Gaol at Montreal, \$31,458.44; but as we received, on account of this outlay, from the city of Montreal, \$25,000 as her contribution towards that structure, there is only \$6,458.44 of that sum which should be credited to the expenditure of the year, if you deduct the \$25,000 contributed by Montreal; if you do not, then the whole amount remains to be credited to capital account, and hence deducted from ordinary normal expenditure. And besides these sums there is the large sum of \$93,899.79, paid out for the cadastral service, which should not be included in ordinary normal expenditure, for, although very useful, is not annual expenditure, and ought, as I explained last year, to be charged to capital account.

Now, all these sums, viz. :	\$13,100 00
	43,521 90
	33,806 83
	31,458 44
	93,899 79

Making a total of. \$215,786 96

Have been paid out of the revenue of the year, and if from the total revenue of \$2,433,111.65 you deduct the only unusual or extraordinary item of revenue which fell in during the year under examination, viz., the \$25,000 received from Montreal for the gaol, you reduce it to \$2,408,111.65; and if from the total expenditure, on the other hand, you deduct these payments and loans which I have just described, and which do not belong to ordinary normal expenditure, you reduce the total expenditure to \$2,298,360.34, and deducting again this from the reduced receipts (or \$2,408,111.65), you find that, instead of a deficit, \$81,036, the year's transactions show a gain of \$109,751.31, as between normal annual revenue and normal annual expenditure, and that we have this latter sum and \$25,000 received from Montreal for a special purpose (the Montreal Female Gaol), and \$81,035.65 out of our surplus funds in the acquisition of real estate, the erection of public buildings and completing the cadastral service of the country, and as the outlay on the Normal School buildings is to be returned, and as the outlay on the Departmental buildings will, so soon as these structures are completed, save a large annual outlay for rent and insurances, not to speak of the safety of the public archives, now and for years in great peril, and the outlay on cadastres lead to a considerable return, as I have explained in the earlier part of my address, I fail to see anything alarming, but much that is reassuring, in these figures when their true character is understood. I may add that we have spent some \$20,000 more which might also be chargeable to capital account, and are represented by permanent assets, amongst which you will find some \$7,531.38 expended to put a new heating apparatus in the Quebec Gaol.

I know my honorable friends will oppose to this view of the case the item of receipts represented by the interest on deposits. I frankly admit that we cannot count upon this amount for the current year in its entirety; but I am dealing with the year 1876-77, and for that year we received and had that amount in our treasury and *bona fide* received for the year; and in this connection, when comparing last year (1876-77) with the preceding one, and when mentally deducting this large item of interest which has been

received this year, let us not forget that we paid \$152,715 more this year for interest than last year, and that our interest account has now reached its maximum, as the whole amount of the loan has been expended, and the only other loan is the Commissioners' Loan for the Interest and Sinking Fund of which the amplest provision undoubtedly exists in the annual rental of the road.

So much for the ruin and decay of the Province up to July last, and so much for its bankruptcy. Sir, I cannot refrain from saying that if there be to my mind one thing more unpatriotic than another—I had nearly said contemptible than another—it is the conduct of those who remained silent when the country was undertaking great public enterprises, or who even approved of them, and who, when these enterprises are approaching completion and the financial strain occasioned by them is most keenly felt, now rush eagerly forward and shout that ruin, decay and bankruptcy are imminent, yet are too indifferent to the interests of the country or too ignorant of its resources to know either the folly or wickedness of their conduct on the one hand or its danger to public interests on the other, and who endeavour by the stoutness and persistency of their assertions to make good, statements which have no foundation in fact or reason, and find their justification for such unpatriotic conduct if they can for the moment confuse an opponent or snatch a momentary political triumph.

RAILROAD SUBSIDIES.

To complete this long, and I know, tedious array of figures, permit me in conclusion to give you the amounts expended upon the different subsidized roads and upon the Q. M. O. & O. Railway, or Government road. We have spent to the 30th of June last and during, of course, the fiscal year, 1876-77 :

Upon the St. Francis, Megantic & International.....	\$25,906 50
Lake Champlain & St. Lawrence Junction, (late Philipsburg, Farnham and Yamaska)	54,650 00
South Eastern.....	75,904 99
Levis & Kennebec.....	75,738 00
Montreal, Portland & Boston, late Montreal, Chambly & Sorel.....	15,412 46
Missisquoi & Black River	3,990 00
Waterloo & Magog.....	26,937 50
	\$278,539 45

Brought forward	\$278,539 45
And upon the Quebec, Montreal, Ottawa & Occidental Road—Eastern Section.....	1,753,130 79
Western Section.....	1,425,000 00
Commission	25,000 00
	\$3,403,130 79

To which latter sum, if you add the amount above given as expended upon subsidized roads, makes the total railway expenditure of the fiscal year under consideration (1876-77), \$3,481,670.24, and if to this you add the figures which I have heretofore given you as the gross ordinary annual expenditure, viz., \$2,514,147 30, you obtain a sum of \$5,995,817.54 as the gross total expenditure for the year; to this you must add a sum of \$39,059.39 for outstanding warrants on the 30th June, 1876, and deduct two sums—the one of \$14,136.19, and the other of \$93,891.99, being outstanding warrants on the 30th June, 1877—and you obtain the balance sum of \$5,926,848.75 as the amount actually paid out by the treasury during the year which closed with the 30th June last. The public accounts, in the hands of members, will make, or doubtless they have made all of you familiar with these results, and I need not recapitulate further than to say that if you deduct from this sum of \$5,926,848.75, the total of payments, from \$3,740,461.54, being the total annual receipts and the proceeds of the second loan, and the balance at our credit in the bank on the 30th June, 1876, you obtain the sum of \$2,813,612.79, being the sum which I once before mentioned to you in my summary of receipts and expenditures, as the balance which remained at our credit in the Banks at the end of the last fiscal year (30th June, 1877), in the respective amounts detailed on page 8 of the public accounts.

It will, no doubt, be interesting to members, and imperative upon me in consequence of the temporary loan which I negotiated with the Bank of Montreal, to explain briefly what has become of this large balance of \$2,813,612.79, which, on the 30th of June last lay at our credit in the Bank. It consisted of two sums, as hon. members may verify on reference to the public accounts, viz., first balance of railway funds, amounting to \$1,928,038.63, and special and ordinary deposits amounting to \$885,574.16. And in doing this I think it will be convenient to follow, somewhat, the returns before the house, and, in doing so, this sum will find its place.

In the first place, we had this balance sum of \$2,813,612.79; next we received from ordinary revenue resources, up to the 18th Decem-

ber last (1877), \$303,550.94; and finally, I borrowed in December \$500,000 from the Bank of Montreal. These sums, amounting in the aggregate to \$4,117,163.73, must be accounted for. If you will deduct from this gross sum of \$4,117,163.73, the sum of \$1,413,930.03 spent upon the general public service, and the sum of \$2,159,225.56 expended on the railroads; of which the subsidized roads have received the following amounts:

The Levis and Kennebec.....	\$21,069 65
The Quebec Central.....	129,068 62
The International	43,581 25
The St. Jerome Branch of M. O. & O. Railway.....	3,150 00
The Montreal, Portland and Boston.....	58,098 03
The Laurentian.....	55,875 00
The Waterloo and Magog	32,275 00
Total	<u>\$343,117 55</u>

Whilst on the one side of the account you add \$108,028.18 for outstanding warrants on the 30th June last, and deduct on the other side \$257,309.33 for outstanding warrants on the 18th of December last, you will find there was of this sum of \$2,813,612.79, about which you wished to inquire, and of the other sums since received, the sum of \$693,289.29 in cash remaining unexpended on the 18th day of December last, from which the demands made by the Commissioners and the requirements of the general public service have been met. I, perhaps, should apologize for entering so fully into the last general statements, but as returns have been asked for, and put upon the table of the House, and distributed to the public, I make the statement, which I have just made, as much for the purpose of explaining to the hon. members that no forecast of the present year can be made of the receipts up the present time as for any other purpose, and for the obvious reason that the only important item of revenue which comes in regularly, and at a fixed date, is the item of subsidy; all the others, if you except law stamps, come in—some at one date, some at another. Thus, licenses, which last year realized \$228,138, only yielded us, up to 18th December, \$42,839.12; and this year, for the same period, \$36,773.41. Crown Lands, which last year yielded us \$517,463.80; up to the 18th December, yielded \$190,372.98; and for this year, to the same period, \$106,426.81. It is proper to state, however, that we have since received over \$100,000, and we expect to receive from this source, by the 30th June next, fully \$575,000.

And so on with many other items of Revenue, such as the returns from *Official Gazette*, Fees on Private Bills, &c,

On the other hand, in the expenditure for the same period, there is no just proportion between the amount spent and the period of the fiscal year which we have reached, as compared with the total grant for the different services for the whole year—as, for instance, \$48,000 were granted for colonization roads; and although less than six months of the year had elapsed, when the return was made, all the money was expended. So had large expenditures been made on capital account, which do not belong to the ordinary expenditure of the year—as, for instance, \$30,676 on the Jacques Cartier Normal School since the 30th June last; \$80,000 on the Sinking Fund of the Public Debt, of which only \$40,000 belongs, properly speaking, to the first six months of the year; \$69,423 have been expended in the same period on the New Departmental Buildings; \$32,932 on Cadastres, and so on. So you will readily see, Mr. Speaker, that no more deceptive guide could be taken, to judge of the probable expenditure of the year, than to take the first half and to compare it with the second, as anyone may prove for himself if he will take the returns for the same period of any previous year, and compare it with the balance of the year. In conclusion of this branch of the subject, I desire, Mr. Speaker, to bring under your notice the following conclusions to which I arrive, and which I think the foregoing figures fully justify:—In the first place scarcely any augmentation has taken place in the expenditure of the Province, except such as was directly occasioned by the large public enterprises which we are engaged in subsidizing or constructing; secondly, that our revenue expanded in nearly every item of it which is in any manner elastic, except the revenue from Crown Lands, which fell off, as I have before mentioned, \$86,915. This falling off was due solely to the general depression in the lumber trade, but which, unlike any ordinary loss of revenue, does not represent a permanent loss, but rather an accumulating capital; for every pine or spruce tree felled in the forests, while it yields its quota of duty, depreciates just so much the value of our Crown domain, and as this falling off of revenue is represented by so much more standing and growing timber, we cannot say we have lost this much from our available assets, as would be the case were there a falling off in Excise, Customs, Licenses, Law Stamps, or any such source of revenue, but rather that the payment of just so much money has been deferred to the Treasury till the revival of the timber trade increases the demand for this valuable staple. That we know and have felt the maximum of the burden of the Public Debt, having had

to provide fully for the interest during the year ; that we have added not less than \$190,796.96 to our capital account or loaned it, to be returned, as I have explained, or spend it in the cadastral services.

That we have made great progress in the work of constructing our railways, and that we can, I think, look back with some complacency upon the results of the year, since they do not show what the pessimists and croakers predicted, but on the contrary that we have but to provide for the amount which is represented by interest returns ; and the same balance which has hitherto existed between revenue and expenditure will be maintained. So much for the past, and now for the forecast of the future, or in other words what is the estimated revenue and expenditure for the fiscal year beginning 1st July, 1878, and ending 30th June, 1879.

THE FINANCIAL STATEMENT 1878-79.

I come now to the estimated revenue 1878-79, and I submit the following as that estimate :—

DOMINION :

Subsidy.....	\$959,252 80	
Interest on Trust Funds.....	55,459 32	
		\$1,014,712 12
Crown Lands Department.....	557,000 00	
Law and Registration Stamps.....	230,000 00	
Assurance Stamps.....	34,000 00	
Licenses, Tavern, &c.....	230,000 00	
Quebec Official Gazette.....	34,500 00	
Police.....	10,000 00	
Administration of Justice Revenue.....	12,000 00	
Registration Revenue.....	5,000 00	
Law Fee Fund, exclusive of Stamps.....	10,000 00	
Building and Jury Fund, Do.....	7,000 00	
Montreal Court House.....	3,800 00	
Fines—Justice and Licenses.....	6,500 00	
Public Works—Revenue.....	1,500 00	
Legislation—Sale of Statutes and Fees on Private Bills.....	3,650 00	
Printing of the Laws and Casual Revenue and Superior Education Special Funds.....	1,875 00	
Municipal Loan Fund (Capital, \$2,172,685).. Interest on proceeds of Common School Lands in hands of Ontario.....	108,500 00	
Interest.....	20,000 00	
New taxes.....	40,000 00	
		\$2,531,537 12

The estimated current expenditure for 1878-79 is as follows :—

LEGISLATION :

Legislative Council—Salaries, contingencies, indemnity to members and mileage. \$	44,150 00
Legislative Assembly—For similar services	109,906 00

Library of the Legislature.....	3,000 00	
Expenses of elections.....	3,000 00	
Clerk of the Crown in Chancery—Salary and contingent expenses.....	800 00	
Printing, binding and distributing the Laws	4,000 00	
Law Clerk salaries and contingencies.....	4,400 00	
Total Legislation.....		\$169,256 00
Civil Government salaries and contingencies		172,945 00
Administration of Justice.....	409,790 00	
Police	38,555 00	
Reformatories	45,000 00	
Prison Inspection.....	3,900 00	
Total for Justice, &c.....		497,245 00

PUBLIC INSTRUCTION.

Superior Education proper....	\$ 71,000 00	
High Schools, Quebec and Montreal.....	2,470 00	
Compensation to R. C. institu- tions for High School grants.	4,940 00	
		\$ 78,410 00
Common Schools.....	155,000 00	
Schools in poor municipalities	8,000 00	
Normal Schools	46,000 00	
Salaries of School Inspectors.....	30,000 00	
Books for Prizes.....	4,000 00	
Journals of Education.....	2,400 00	
Superannuated Teachers	8,000 00	
Schools for the Deaf and Dumb.....	12,000 00	
Deposit of Books, Maps, &c.....	5,000 00	
Total Public Instruction Department.		\$348,810 00
Literary and Scientific Institutions.....	8,680 00	
Board of Arts and Manufactures.....	10,000 00	
Total Public Instructions, Literary and Sci- entific Institutions, Arts & Manufactures		\$367,490 00
Agriculture	74,152 00	
Immigration	15,000 00	
Colonization	55,000 00	
Total Agriculture, Immigration and Coloni- zation		\$144,152 00

PUBLIC WORKS AND BUILDINGS.

Rents, Insurances, Repairs, &c., of public buildings generally.....	\$ 42,250 00	
Inspections and Surveys.....	4,000 00	
Parliament Buildings, for new roofs.....	1,500 00	
Bridge across the Ottawa (re-vote).....	1,000 00	
Rents of Court Houses and Gaols.....	527 00	
Insurances, do do	3,500 00	
Repairs, do do	12,800 00	
Bonaventure Court House and Gaol, to heighten wall (re-vote).....	1,000 00	
Total Public Works and Buildings.....		\$ 66,577 00

CHARITIES.

Lunatic Asylum, Beauport, St. Jean de Dieu, St. Ferdinand d'Halifax.....	205,500 00	
Belmont Retreat Inebriate Asylum.....	700 00	
Marine and Emigrant Hospital, Quebec....	2,666 67	
Lying-in Hospital, Quebec.....	2,013 33	
Miscellaneous, as per statement	41,670 00	
Reformatory and Industrial Schools.....	15,140 00	
Total Charities.....		\$267,190 00

Miscellaneous, generally for unforeseen and unprovided for services.....	15,000 00	
Municipalities' Fund, C. S. L. C., Cap. 110..	3,000 00	
Surveys through Crown Lands	15,000 00	
General Expenditure do.	58,880 00	
Quebec <i>Official Gazette</i>	16,750 00	
Stamps, Licenses, &c.....	8,000 00	
Total estimated current expenditure, public debt excluded.....		\$1,801,485 00

PUBLIC DEBT :

Interest	\$403,933 34	
Management	4,866 67	
Sinking Fund.....	80,786 67	
		\$489,586 68

Total Current Expenditure, Public Debt included		\$2,291,071 68
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EXPENDITURE ON CAPITAL ACCOUNT.

Public Departments, Construction	\$141,200 00	
McGill Normal School, new wing.....	1,500 00	
Court Houses and Gaols, new districts.....	6,000 00	
Registration Service (cadastre)	60,000 00	
Total Expenditure on Capital Account		\$208,700 00

Total Estimated Expenditure.....		\$2,499,771 68
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Of which there was previously voted..... \$ 656,301 68

And to be voted

\$2,499,771 68

In addition to these sums, the following supplementary estimates for 1877-78 will be required :

Police	8,000 00	
Reformatories	25,000 00	
School of Navigation	500 00	
Gaol for Females, Montreal (on capital ac- count).....	8,300 00	
McGill Normal School repairs (on capital account)	3,104 26	
Demolition of Jesuits' Barracks	2,000 00	
Philadelphia Exhibition	514 27	
Total.....		\$47,418 53

Which may be summarized as follows :

Current Expenditure.....	\$36,014 27
Capital Account	11,404 26
	\$47,418 53

To cover special warrants for expenditure already made, belong- to the fiscal year ended 30th June, 1877, as per Public Accounts Statement No. 11, page 105, \$70,240.18.

THE RAILWAY COMMISSIONERS' LOAN.

This, prehaps, Mr. Speaker, is as good a time as any other to explain fully the position of the Railway Commissioners' loan and the recent arrangements made by me with the Bank of Montreal, the details of which have been some days before the House. The House of course recollects that in 1875 when the scheme of the honorable member for Sherbrooke for the construction of the railways was laid before the House, we all confidently calculated upon the municipal subsidies. No one anticipated that any difficulties would arise in their payment, and as the unexpended balances of them amounted to \$1,969,354.38, these balances formed a very important item in the financial calculation. Since then, for one reason or another with which the House is familiar, these bonds have not been handed over, and hence it becomes a question, what is the policy of the Government respecting them, and what are the intentions of the Government respecting the Commissioners' bonds, and why they have not been sooner negotiated. And for convenience sake I will answer the last question first. It may not be generally known that notwithstanding the advantageous sale of our bonds last year to the Merchants' Bank, the Bank owing to difficulties thrown in its way in England, was not able to place, as it is called, the loan, rapidly. The demand was very slight, and as the summer advanced, it became, I suppose, manifest to financiers with the progressive diminution of the balances at our bankers, the necessity for negotiating this loan (the Commissioners' bonds) was becoming greater, and some time in the month of September it was officially notified to me that fully £500,000 of the loan was still in the hands of the Bank, and that if I were to place, at such a juncture, more bonds on the market, the effect upon the Bank and upon such new loan would be extremely prejudicial. Since then, I am happy to state, a large proportion has been placed. Under these circumstances I cast about me and considered, as, indeed, I had before considered, whether it was advisable to attempt to float the loan upon the Canadian market ; whether it was advisable to try it in

the American market (New York and Boston) ; or whether it was best to place it upon the English money market, and if so, whether the then present, was a favorable time. I may tell you I took counsel in these matters, not alone upon this side but upon the other side of the Atlantic, and the counsel which I received, and the conclusions at which I arrived, were, that it was advisable to make the loan in the English market, and to defer making it until the previous loan was placed, or, at any rate, to wait as long as possible. This necessitated the negotiation of a temporary loan, and, as the House knows, I made arrangements for an immediate

ADVANCE OF THE SUM OF \$500,000,

and also for a contingent advance of another \$500,000 if I should desire it. I need not dwell upon the details, as the House has all the papers in its hands. Suffice it to say I made the arrangements, and the rate charged was the most favorable rate obtainable at the moment—for loans at call were worth from six and a half to seven per cent., and money was commanding five per cent. in England. Now, in this connection, two questions naturally arise and require explanation : Why did I select the Bank of Montreal, and why did I fix and agree to a rate for the whole amount rather than for the amount I then wanted, and why was it fixed at the apparently high rate agreed upon? It may not be generally known, but the fact exists nevertheless, that none of our banking institutions enjoy the reputation which the Bank of Montreal does as a negotiator of Canadian loans in the English market. It is not necessary to enquire into the cause ; it is sufficient for our purpose to note the fact. The bank, in consequence of its connection with our first loan and other loans, has a *clientèle*, to use a legal phrase, but one I know intelligible to all the members in the House—has a *clientèle*, I say, of investors in England, and the proof of that fact is to be found in the *bona fide* manner in which the first loan was placed and in the success which has attended the placing of the second. This circumstance naturally inclined me to prefer the Bank of Montreal. Moreover, I doubted whether in the actual circumstances of trade and traders, it would be convenient for any other bank to make such an advance and for such an amount ; and I felt that, under all the circumstances, it were better to arrange with that institution if I could. In the latter part of September, then, I approached that institution on the subject of purchasing the bonds or advancing me what I should require until the bonds were placed, and I fixed the amount at from \$500,000 to \$1,000,000. The bank

once offered me the amount, and at the then current rate, viz., 6 per cent. As I saw no great reason to anticipate any great advance in the rate of money in England (then, if I mistake not, about three per cent.), nor none here except such as normally occurs when the harvest has to be carried to market, and as I then had no use for the money, I decided that I would only conclude the arrangement to this extent; that it should be understood that under all circumstances I could have \$500,000 on demand, and at the current rate, whatever it might be; and another \$500,000 on the terms mentioned in the agreement. I thought this better than to borrow money before I wanted it, and have it lying in the bank at a less rate of interest than I was paying out. In November the rate went up to 5 per cent. in England, and here from $6\frac{1}{2}$ to 7 on call loans, and proportionately higher on loans for three or six months. The consequence of this was, that when I came to want the money the rate for the best paper for three to six months was from 7 to 8 per cent. I agreed to pay the former rate, and I did this the more readily in view of the disturbed state of Europe, the evident near approach of international difficulties in the East, and the possibility of England, and perhaps other European nations, being dragged into the conflict then as now being fought out on the Danube and in the Balkans. Everyone here knows how much such considerations have to do with large monetary transactions, and if the province of Quebec, should peace be restored, has no more to mourn over than that for three or six months she paid a fractional rate of interest upon a temporary loan greater than, if the war had gone on, she probably would have paid, she will have little to regret. I know this transaction has been generally criticized; by some favorably, by others adversely. I know that many think with me, that in getting the money only at the minute I wanted it, at the then current rate for the best loans, I did as well as any one ought to expect or demand, but I know this opinion is not universal. I know that a distinguished and honorable gentleman has stated elsewhere that I paid too much, that he could have borrowed a million of dollars at $6\frac{1}{2}$ per cent. had he been in my position. Well, Sir, had that hon. gentleman contented himself with merely criticizing my public conduct, and its success, I should have felt that it was his province and his duty, and I should have experienced no feelings of resentment; but, when he follows up that criticism with a statement of what he could have done were he treasurer, I can only say with all becoming humility in his august presence that I know, as the country knows, the special borrowing aptitude of that honorable gentleman, and his distinguished career as a financier; and I am of opinion that the

country will find, in these two facts, and in the history of the unfortunate Metropolitan Bank, the best answer to that gentleman's strictures and assertions. Another honorable gentleman, here in this House, speaking with the high authority which attaches to an honorable career and a prominent position in a banking institution—I mean the member for St. Hyacinthe—stated I paid too much, and that I might have borrowed at a less rate. I can only oppose to the judgment and diction of my honorable friend, my own experience, and the judgment of such men as the member for Montreal West, and I apprehend, from their silence on the subject, of most others familiar with money matters outside as well as inside of this House. I know I should exempt from this category the honorable member for Levis, whose novel, not to say thin and vapory notions of finance and the means of tiding over any strain upon our banking resources, is, to my mind, unique in its simplicity and breadth of application. Sir, talk of a paper currency; my honorable friend would only want a paper mill and an engraver, a facile banker and a credulous public, and the El Dorado of the past would become a reality of the present, and this new apostle of finance, add, by this crowning triumph of genius, another, and perhaps the greatest, to the other great achievements of the century in which it is our advantage, as it is our pride and boast, to live.

THE FINANCIAL RESULT.

From the foregoing statements of actual receipts and expenditures for 1876-77, and estimated receipts and expenditures for the year 1878-79, it must be apparent to all that there are certain items of revenue which contributed to swell the receipts of 1876-77 which will not be so productive in the year 1877-78, and which will fail in great measure, if not altogether, in the year 1878-79. Amongst these is notably the item received from interest accrued on bonds sold the Merchants' Bank up to date of delivery, and interest on the proceeds of the sale of bonds lying in the banks. Last year we received from this source \$199,102.64, and, also, and in augmentation of this, the difference between what it is anticipated the Crown Lands will yield this year over and above the estimate for 1878-79, or \$18,000, making a total of over \$217,000. As against this sum we have some certain anticipated savings in connection with the administration of justice, the cost of reformatories, and the management and support of the insane. But after deducting these amounts I find there must remain a balance unprovided for, of expenditure over revenue, of about \$175,000 for the year 1878-79. It will be seen that I do not take

into account any revenue from the railways, over and above what will be the annual charge for interest and sinking fund on the Commissioners' loan, which will amount to \$180,000 per annum. If my estimate covered a greater period of time than one year, and if the railways were all completed, I make no doubt that the revenue would exceed what will be required to pay interest and sinking fund on the Commissioners' bonds. But it must not be forgotten that any surplus must go to pay interest upon the amount of the municipal subscriptions of Montreal, Quebec, Three Rivers, and the other municipal corporations that have contributed, and that this will require over \$125,000 per annum; and that it is only any balance which will remain after the interest on these bonds has been provided for which can be taken in reduction of the burthen which the annual revenues of the Province have to bear. But when the road is fully completed, and connected at Ottawa with the Central and Western Ontario Railways, and with the Great West through and by the Georgian Bay branch of the Canada Pacific Railway; at Montreal with the Eastern and South-Eastern Railways, and at Quebec with tide water and the steamers and shipping from Europe and elsewhere, I have no doubt that the net returns must very largely exceed what will be required to meet these sums, which together only reach some \$300,000. It is comforting and reassuring to know that every dollar by which such net proceeds exceed the amount is a dollar in relief to the revenue of the Province, and a burthen to that extent from which the taxpayer of Quebec is relieved. I desire to explain here, as I have in another connection pointed out, that I do not propose to ask any supplementary vote for any deficit which may occur during the present year; for, if the revenue from Crown Lands comes up to the calculations of the Hon. Commissioner, made in December, 1876, from sources then known to him, and if the amount over and above that sum, which I expect will be realized out of the sale of phosphate lands, be taken into account and added to it, and the addition to the revenue which our new tax will give for the three months or thereabouts of this year in which it will be in operation, I hope the deficit, if any, will not be at all serious; and I am the more encouraged in this view from the expansion in revenue, from licenses, stamps, &c., during the year 1876-77 over the previous year.

THE PRINCIPLE OF TAXATION.

Having learned the amount of the anticipated deficit for the approaching year, and having considered together the causes which

have or will lead to it, the next and most obvious duty is to devise the most wise and ready means of providing for it ; for we must not allow the impression to go abroad that this Province is either unwilling or unable to meet its engagements, or afraid to look its position fearlessly in the face. It is obvious the deficiency can only be met in one of three ways : either by the cutting down of expenses, or by the imposition of new sources of revenue, or by both combined. We have adopted the latter means. We have reduced the growing expenses of such services as we could control, and we propose a new source of taxation. Now, I know that in speaking of taxation I am approaching delicate ground. I know nothing is so destructive of the reputation of a financier, or so dangerous for a Government, as to talk of imposing new burdens upon the people. I know that one of our greatest British statesmen, one who, having first filled a high position of honor among colonial statesmen, became and is now a great living light in the ranks of the Liberal party in England, one, too, who has filled with credit and acknowledged ability the high position of Chancellor of the Exchequer—I mean the Rt. Hon. Robt. Lowe—has defined taxation to be “the distribution of just so much misery, a misery which it is the duty of the financier to make as tolerable as possible ;” and another equally eminent writer in France, M. Turgot, has said it is the science of plucking the goose without making it cry. I know, too, that in the history of the past, in the older countries of Europe, the means taken to drag from the purses of the people the money demanded by the necessities or exigencies of the monarch or the nation, that the rulers acted rather as beasts of prey than as guardians of a people's prosperity and a nation's progress ; I know, moreover, that too often the only measure to their demands was the necessities of the monarch, not the ability of the people to meet them ; I know that with those gentlemen, persons, not purses, were the basis of taxation. I know, too, that no thought of the property protected nor the advantages enjoyed by, or conferred upon, individuals entered into the calculation of how much they should pay. I know, further, that the chief merit of a tax was often that it was most hidden from the eyes of those who paid it, and that indirection was its greatest merit. But all that has happily passed. Now, by the system under which it is our happiness to live, the difference between direct and indirect taxation is fully understood and fairly considered ; both forms of taxes have their advantages, and both now serve and may hereafter serve their purpose in the economy of this or any other province or state. Still, under the Constitution which now governs us, our powers of taxation apart from specific sources defined and described in the Constitutional

Act, may be said to be restricted to direct taxation, and even that term is of doubtful significance and of broader or narrower meaning, according to the construction which individuals put upon the 92nd clause of the British North America Act of 1867. There is, however, one suggested form in which the powers of this Legislature may be exercised to impose direct taxation, to which public attention has been directed by alarmists, and political hack-writers and stump orators, and pot-house politicians, and respecting which I think it right once, and I hope for the last time, to call your attention, and that is a direct tax upon the farms and homes of the people of this Province, in order to provide for the safety of the person, or the protection of the property of the people. I desire to say here, Sir, that in my opinion the time has not yet come, nor do I believe it will ever come, when the tax collector will have to come directly to the people, to demand from them their quota, by a direct tax upon the soil, towards the support of the expenses of the State. Enough, and, in my opinion, too much latitude has been given under our present municipal system, or at least I would say that such burthens under our system are imposed upon proprietors by a mere numerical majority, which those proprietors ought not to bear, since they often do not share in the advantages derived from the expenditure in proportion to the burthens which are imposed upon them. However, be that as it may, I entirely deny that direct taxation, in the sense sometimes suggested, is now or likely to become necessary. There are yet, according to my view of the powers of this Legislature, ample means to increase its revenues if it should be thought advisable or necessary to do so. It seems to me, Sir, that openness and justice are essential to the government of a people, by the people, for the people, and that the burthens of the State should be borne in proportion to the advantages and protection which a person receives in his person and property, and proportionately to his ability to pay, and that they should be so imposed as not to cripple any legitimate industry or trade, or in such a manner as to be difficult or expensive of collection, or to an extent to seriously burthen those who are called upon to pay them; that so far as a Legislature may properly interfere in such matters, they should be so imposed as to prevent the unequal acquisition, or what is the same thing in effect, the unequal distribution of wealth; I don't mean so as to keep the thriftless, idle and improvident on equal terms with the thrifty, industrious and provident; but rather that the burthens of the state should be proportioned to the capacity and means of paying of

the individual, not, as has been done too often in Europe and the East, so as to make the poor, poorer and the rich, richer.

HOW THE DEFICIT IS TO BE MET.

But, Mr. Speaker, I am perhaps wearying you and the members of this House with these general reflections, when I should rather be describing the character and range of the taxes, which I propose to impose, in order to meet the anticipated deficiency of \$175,000 or thereabouts. I propose to put a duty of ten cents upon each hundred dollars of the nominal value or amount of all contract notes or agreements for the sale and purchase of stocks, and upon every conveyance or transfer of stock, of any company or corporation, whether such transfer be made upon the books of such company or otherwise; but in case such duty has been paid on the contract note or agreement, and it be produced and filed and deposited with the corporation or company whose stock is so transferred thereunder, no duty shall be payable upon the transfer in the books. And, secondly, I propose to put a duty of twenty-five cents upon each hundred dollars of the nominal value or amount of all contracts or agreements entered into for any purpose whatsoever, except those above-mentioned, where the thing to be done or promised is of any appreciable value, including in such transactions (which will be specially detailed in the resolutions which I propose to bring down,) all deeds of sale, transfers of any kind, obligations, &c. I will exempt certain contracts, such as bank notes, bills of exchange, promissory notes, bills of lading, warehouse receipts, bonds given in relation to Customs and Excise, charter parties, receipts and releases, certified copies and extracts from the registrars of civil status, policies of assurance and insurance receipts, wills, donations between parent and child or of child to parent, and also all other civil contracts (excepting those having reference to transfers of stock,) where the value of the matter or thing contracted about is less than two hundred dollars. The schedules to be annexed to the proposed act will show clearly the contracts to be affected by, and those to be exempted from the operations of the proposed measure. I know, Mr. Speaker, that the classes of people likely to be affected by these taxes are principally those having considerable means, or at least having the control of considerable means. I dare say there will be considerable objection made to this tax, as, indeed, there would be to any tax in this Province, which it was expected would yield \$200,000. I know a large number of persons must be affected by it, that until people are somewhat accustomed to it, it will seem irksome and exceedingly disagreeable. And I know that the first thought of many will be

to deny its constitutionality. But I have taken the precaution to study very attentively and carefully the Constitutional Act, and I have moreover consulted some of the best constitutional lawyers of the Dominion, and I am satisfied the tax is entirely within our powers to impose. I have satisfied myself that it will be paid by those who are most able to contribute towards the burthens of the State, and in the manner most easy for them to bear ; that it will not be expensive or difficult of collection, because I propose to declare by the Act that contracts upon which the duty has not been paid shall not be effectual or legal, and I fail to see that any objections can be raised upon the score that it will cripple any honest enterprise or industry. I know speculators in stocks will probably wince and think themselves harshly dealt with ; but I think that there is nothing unfair in asking those who, speculating upon the future, and discounting, as it were, current and probable events, deal in so doing in a commodity the transactions in which, as between them, adds nothing to our general wealth or progress, to contribute something out of the thousands they deal in to the expenses of the State. I therefore submit this tax to you as my solution of the financial problem of providing for the deficiency. I recommend it to you for acceptance, and, whilst I would be as glad as any one, if next year, or the year after, a happy restoration of prosperity in our staple trade, or a great augmentation in the revenues from railways would allow us to reduce or remove it ; until then I ask you to accept it, and I think I can successfully defend it either upon the floor of this House or before the country.

THE CONTRAST WITH ONTARIO.

There is another feature of this subject—the financial standing of this Province—which I think it right to say a word upon. I mean the desire which the advocates of the ruin and decay and bankruptcy cry, manifest to drag us into contrast with Ontario. Now, I do not think it is good policy for us to bring this subject too often or too prominently under notice, lest the people in our sister Province come to think we envy them their prosperity. I do not think the effect is good here or elsewhere. I am not disposed to play the Uriah Heep, and be “Umble and meek” on all occasions, even when I do not feel so, and I do not think the effect is beneficial, as I have said, upon a people to be always practising self-depreciation ; but since so much has been said by the enemies of the political party charged since Confederation with the management of the affairs of this Province, let us once for all offer a few explanations of the relative standing of the two Provinces—explanations which seem to be

required after so much has been said, not by Ontario, but by the croakers and pessimists of our own Province. These people are always pointing to the fact that Ontario claims by her last financial statement to have assets over her liabilities amounting to \$4,873,203.25. Sir, I rejoice in the fact; it speaks well for her; but when that fact is mentioned, as I have said, by our own people, to the disparagement of the Government, and as showing our mal-administration and the greater sagacity and success of Ontario, I cannot refrain from pointing out that in her assets she includes two Trust Funds, viz., the Upper Canada Grammar School Fund, amounting to \$312,769.04, and the Upper Canada Building Fund, amounting to \$1,472,391.41, as exclusively her own, which the advocates of this Province claim as belonging in part to it. If the judgment of the arbitrators be maintained, no doubt these sums belong to her; if it be annulled, I hope the opinion of our counsel will be sustained and that four-ninths, if not one-half of these amounts will be found to belong to Quebec. These two sums amounted on the first of July, 1867, to \$1,785,160.45. Now, I have said Ontario claims these two funds as exclusively her own and has by legislation, viz., by Act 33 Victoria, cap. 9, sec. 5, of her statutes, incorporated them with and into her Consolidated Revenue Fund, and hence they are put by the Hon. Mr. Crooks in his statement as a part of her assets, but, as I have pointed out, if the award be set aside and we get our share of these funds, say one-half, our assets will be swelled *pro tanto* or to the amount of \$392,580.22½, and the interest thereon at five per cent. since Confederation, which amounts to \$357,032 in the ten years which has elapsed since then, and adding these two sums together you have a total sum of \$1,249,612, which Ontario or the Dominion will have to pay us, if, as I have said, we get our share of these amounts, if we consider that share as one-half; if four-ninths it would be so much less, and of course the assets of Ontario will be diminished to the same extent as ours are increased. But let us not at the present moment speculate upon the subject, let it suffice to mention it; and the additional fact that the contingency that Ontario would have to pay it, has not escaped the astute observation of one of her leading representatives, for as long ago as November, 1874, in a debate in the House there, it was stated in substance that these sums ought not to be included in their surplus, inasmuch as Ontario would have to account to Quebec for her share of them and interest.

QUEBEC ASSETS.

But, if Ontario has a large surplus, is Quebec without assets? Has she nothing to compare with Ontario? Is it only the dismal side of the balance sheet which her people may and ought to look at and consider? Has she no other assets than her share of the Common School Fund in the hands of the Dominion Government; and, if she has, of what do they consist and what are their values? And in order that you may understand of what these consist, I will state them in two ways: first, according to the division made by Messrs. Macpherson & Gray in their pretended, or rather disputed award; and, secondly, as they would stand if that judgment were set aside. And in doing this I shall include only those which our counsel considered as genuine assets, and I will append to them their amounts, which those gentlemen gave as "real amounts," and taken from public documents:

Kamouraska Court House.....	\$	201	27
Municipal Loan Fund, L.C.....		2,507,041	10
Quebec Fire Loan.....		180,315	64
L. C. Superior Education Income Fund.....		377,251	53
L. C. Superannuated Teachers' Fund.....		2,700	88
L. C. Normal School Building Fund.....		61,761	84
Widows' pensions and uncommuted stipends.....		4,126	31
Balance of special appropriations.....		99,482	20
Surveys.....		7,651	53
Common School Fund (collected up to 1867).....		714,906	35
Library of Parliament.....		94,459	09
Making a grand total of		\$4,049,897	65

as the amount belonging to us under the Arbitrators' award. But on the other hand suppose that award should be set aside and justice be ultimately done this Province, they would consist of all in the B. N. A. Act enumerated as the credits, liabilities, properties and assets of Upper Canada and of Lower Canada, which the arbitrators had to divide, and if you take as your guide the total "real value" of all the assets which, by the B. N. A. Act of 1867 would have to be divided, you find that they amount to \$18,291,345.99, of which, if one-half were allotted to us, we would get \$9,145,672.99 or if only 4-9ths we would get \$3,129,487.10, to which, if you will add, the amount collected and still held, by the Government of Ontario, on account of the Common School Fund, since Confederation, you will have a sum exceeding by between three or four hundred thousand dollars our total present bonded debt. Now, sir, I do not want to be misunderstood. I do not mean to say that, if we had these assets, we would be able to sell all of them, or collect all of them, or otherwise dispose of all of them, so as to realize

in cash either the one sum or the other, but they are so much property, and whether we have ultimately to be content with the sum now allotted to us by the arbitrators of \$4,049,897.56 or obtain the larger sum of \$9,145,672.99, or the intermediate sum of \$8,129,487.10, they are assets of this value and a guarantee of our solvency and sound financial standing; and besides these assets there is, moreover, in outstanding instalments due to the common school fund, and in the hands of the Ontario Government, a sum which I find put at \$1,704,738 by our arbitration counsel, of which we claim one-half and the arbitrators allow us 4-9ths; and further, our share of 8,959 acres of land, belonging to that fund, and unsold at the time of Confederation. I see by the official declaration at Toronto that they have collected \$380,604.28 since Confederation of these arrears of the common school fund, and over and above all these sums we have our share of the value of the library and other personal property of the late Province of Canada, estimated by the arbitrators at \$200,000, and our share of special appropriations unexpended on the 30th June, 1867, amounting to \$317,955; and, finally, we have our new line of railway, upon which we have already expended over seven millions of dollars. Thus, Mr. Speaker, may we too count our assets by millions if so disposed; but as I said last year, let us for the present forbear and await the issue of the appeal to the Privy Council, for we cannot know our true financial position and standing with precision, till a final settlement takes place with Ontario and the Dominion, and I trust that this may be accomplished during the current year. Then will we know which of all these assets belong to us, which to Ontario, we can then judge of their cash value, and as merchants would say, "take stock" of the situation. Until then we may take such comfort to our souls as these figures give, and whilst we steadily and undisturbedly go on and complete the great enterprises to which the good faith of the province is pledged, take heart of faith, and believe that we are not, as our enemies would wish it to be thought, bankrupt or even embarrassed, but that we are able to meet all our foreign engagements and all our domestic ones, and that whilst we are fully alive to the great burthen which in 1874 and 1875 we undertook, we know we have not since assumed any new ones, and that we will not do so till these old ones are completed, and our differences with Ontario adjusted, and that then, and not until then, will we consider and say how far or what way can we next set about the greater development of this fair heritage of ours, and by what means add to the prosperity and happiness of her people.

TAXATION IN ONTARIO AND QUEBEC.

But, sir, there is another explanation not without its value, which, in a measure, accounts for the ease with which Ontario piled up this much admired surplus,—let us examine into it a little and see whether we cannot, whilst doing no injustice to Ontario, extract a grain of comfort from it for our people,—and that is that this asset has in a very great measure accumulated in consequence of her system of meeting the cost of the administration of justice. And first let me premise with this significant fact, that Ontario has received from the Dominion, in the ten years which have elapsed since Confederation, \$2,386,200 more money than Quebec; and again the still more important fact that Ontario does not contribute much over thirty and a third per cent., so far as I can judge, towards the cost of the administration of justice out of her Provincial Exchequer, whilst Quebec bears more than ninety-five per cent., and in this item alone is to be found an aggregate saving of probably not less than two and one-half million dollars since Confederation. Look at the figures, and in arranging them I am forced to take the year 1872, not being able to lay my hand on a complete set of official returns since that date. In that year the total cost of the administration of justice was \$448,707.16, of which the Provincial Government contributed \$191,647.66, and the municipalities \$257,059, and of that amount she (Ontario) received back from litigants by way of stamps on law proceedings \$37,165.88, or within a trifle of fifty per cent. of her contributions; whereas in Quebec, the same year, the service cost \$292,968, independent of police and reformatories, (the whole cost of which, I may say, fell upon the Province, except some \$20,000 from the city of Quebec for police service,) of which first named sum of \$292,968 the Province contributed the whole except about \$25,000, and of this latter sum only \$13,877 was contributed by the municipalities—or, to lay aside the confusion of figures and speak of results: In Ontario, I think it may be said safely, the State contributes about 40 per cent, and gets back 20 towards the administration of justice, whilst the municipalities contribute the balance, or 60 per cent, whilst in Quebec the State contributes about 95 per cent and gets back about 30 per cent from litigants by way of stamps, and the municipalities about 5 per cent, and that, comparing the total amount expended there of \$448,707 with the total amount expended here of \$292,968, and the relative populations of the two Provinces at that date or now, you will find that justice is, to say the least, as cheaply administered here as there, and in fact costs less *per capita*. Now, will any one

explain to me in what way Ontario is richer than Quebec, because she has this sum, which probably amounts to two and a half millions of dollars in the last ten years, and which she has been enabled to save through the contributions of the municipalities towards the administration of justice? I say, will any one explain to me in what way Ontario is to that extent richer than Quebec, because she has this sum lying at her credit in the Bank, and drawing probably five per cent. interest upon it, whilst the people of Quebec having had these sums of money, which in Ontario, as I have explained, are paid by the people through her municipal system, paid out of the Provincial Exchequer, and hence to the relief, to that amount, of the ratepayer. Rather does it not follow that that amount is left in the pocket of the ratepayer of Quebec which in Ontario has been collected from him, and, moreover, as it is notorious that the cost of collection of even the most easily collected tax seldom costs less than from seven to ten per cent. when the taxpayers are many and the amounts small, it follows that a sum of from \$175,000 to \$250,000 has been expended upon tax gatherers in Ontario, and taken out of the pockets of tax payers, while here it is quietly resting in the pockets of our people, or lying in the Banks to their credit at a not less rate of interest than the Ontario people draw. Sir, people talk of direct taxation as imminent in Lower Canada, and that Ontario is in no danger. Will any one tell me what is more direct than the tax I have described which Ontario now pays, and from which Quebec is exempt, for the administration of justice.

Again, look at the Court Houses and gaols, and their maintenance in Ontario and Quebec. Who builds them in Ontario? I am informed, except to the extent of a small proportion, the local tax-payer. Who maintains them? The local tax-payer. By what system? By a direct tax upon his home. On the other hand, by whom are they built and maintained here? By the Provincial Exchequer. By what means? Principally by the litigant himself, or from the general funds of the Province. Sir, if the people of this Province will voluntarily accept the same burthens which the people of Ontario accept and bear, to the relief of the Local Government; if they, through the system in vogue there, will build and maintain their own Court Houses and gaols, and the inmates requiring no more from the Provincial Exchequer than what is paid in Ontario, and will persevere in that system for ten years, we too would have our two or three millions at our credit in the bank, although the tax-payer would be *pro tanto* that much poorer, and this, sir, too, notwithstanding that we have to maintain the double language with its attendant expenditure, and the

two Houses. Nor is it true, sir, that in all respects is our expenditure greater than in Ontario. I have shown you, in some items where there was a seeming over-expenditure in Quebec, it was really found to be only a shifting of burthens; that what was paid here was not more than what was paid there, only that in the one case it appeared in the published public accounts of the Province, in the other it would be found in the details of municipal expenditure of the different counties of Ontario.

HON. A. MACKENZIE'S OPINION.

But I fear, sir, these statements will not have full weight on the other side of the House, and I am anxious to carry conviction to the minds of those honorable gentlemen whose good opinions I so much covet, and whose endorsation of these facts would go so far to dispel the cloud of gloom and discontent which in some quarters prevail as to the different financial balances which Ontario and Quebec at the moment exhibit; and therefore I know that those honorable gentlemen will receive with a glow of pleasure, which I assure them is equalled by my own feelings of satisfaction, the explanations I offer them, contained in the words of the Hon. Premier of Canada when Treasurer of Ontario, and when he, as I am now, was presenting his financial statement to the Legislative Assembly of Ontario, and when he was accounting for the prevalent notions that Ontario had waxed rich and counted her surplus by millions. He said: "We are told that while before the Union we were complaining of constant deficits, since that time this Province has waxed rich by the Union with it of the other Provinces, and is now able to count its surplus by millions, while the truth is, that if we had devoted the revenues accruing to the Government of Ontario from general sources, to the same purposes that the general revenues had been devoted to in the other Provinces, we would not only have no surplus, but would be obliged to resort to direct taxation, to a considerable extent, to meet our expenses. In order to shew this more clearly, I ask the House to consider for a few minutes the relative amounts paid for local services in the other Provinces. I take the last published statement I can find, that of 1870-71, for the other Provinces. For educational purposes during that year there was paid by the Government:

Of Ontario.....	\$379,305, or 24 cents per head		
Of Quebec.....	311,210, or 26	"	"
Of Nova Scotia.....	165,000, or 42	"	"
Of New Brunswick.....	136,711, or 47	"	"

For roads and bridges there was last year paid by the Government :

Of Ontario.....	\$ 60,000, or 4 cents per head
Of Quebec.....	150,000, or 12½ “ “
Of Nova Scotia.....	214,213, or 55 “ “
Of New Brunswick.....	159,000, or 55 “ “

In Ontario the \$60,000 was spent entirely upon what are known as colonization roads, in those districts of the country where there is either no population or where the population is so sparse as to be unable to contribute anything for local purposes. It was an expenditure entirely outside of the ordinary resident population, while a very large proportion of the \$150,000 spent for this service in Quebec—more than two-thirds of it—was expended in the old settled counties. The amount expended for this service in Nova Scotia was about one-third of the entire revenue received by that Province from the Dominion. For the administration of justice there was expended last year by the Government :

Of Ontario.....	\$197,000, or 12½ cents per head.
Of Quebec.....	373,838, or 31 “ “

The municipal authorities of Ontario contributed for the administration of justice in the same year \$381,188, or about double the amount expended for that service by the Government in that time. Mr. Langton, during the discussion which preceded the passage of the Nova Scotia Relief Bill, as it was called, prepared an elaborate statement which I will not read to the House, but give merely his conclusions as to the extent of local parliamentary and municipal taxation ; this shows that the local parliaments and the municipal authorities in the four Provinces contributed per head, for purely local purposes, in addition of course to the money received from the Dominion from the two or three sources from which the Dominion subsidy is derived, as follows :

Ontario.....	\$4 01
Quebec.....	2 09
Nova Scotia.....	1 83¾
New Brunswick.....	1 51½

This shows the relative amounts raised either by the local parliaments or the municipal councils in order to provide for the necessary local expenditures required for the administration of

justice, the education of the people and the maintenance of local institutions of a benevolent character, so that whether you compare the contribution of the State towards the administration of justice, the education of the people, the colonization of the country, the support of the insane—which latter service, I may remind you, parenthetically, cost here, about \$180,000, and there, over \$280,000—you will find that on sifting the matter the people of Quebec really are as cheaply governed, or, more correctly speaking, manage their provincial concerns as economically as in Ontario.

THE CONSOLING FEATURES

are, that if we have not so much money in the banks, we have taken less out of the pockets of the taxpayers. That, if we have made use of our credit, it has not been frittered away in trifling undertakings, but in large Provincial enterprises. That the expenditure of the money has been made at a time when the value of labor and the necessities of life were extremely low and occupation scarce. That its expenditure at such a time necessarily leaves the largest possible asset behind it, whilst it affords the largest modicum of relief to the people who obtain employment. That, apart from perhaps a slight advance in the price of retailed spirits, and a ten cent stamp on exhibits, and a trifling duty on insurance policies, the taxpayer of Quebec is no more burthened than he was ten years ago. That all these taxes might be struck out of the Statute Book at once if he would consent to pay what the taxpayer of Ontario now and always has paid. That our credit abroad is improving, after suffering a temporary suspicion, and that, within a short delay, all these enterprises, which the Province has undertaken to aid or construct, if we except the connection with the Canada Pacific Railway, will be accomplished, and that the oracular prediction of the would-be wise, that we were fast speeding to ruin or direct taxation, are without foundation, and that, on the contrary, we are financially healthy and sound, and equal to every legitimate engagement which we have or are likely to contract; and that, taking all the assets which I have named to you, and being, some in the hands of the Dominion, others in the hands of Ontario, and adding to them our magnificent line of railway and our other public properties upon which very large sums of money have been expended since Confederation, we can present a balance sheet which we need not, as a Legislature, be afraid to submit to our people, nor, as a Province, be afraid that our creditors should investigate, or our enemies, (if we have any) criticise. That, whilst we look, with pride and satisfaction, upon

what is being done here, to open up and develop our country, we need not, and we will not, refuse, or grudge, the meed of praise justly due to the Legislature of Ontario, for what she has done, claiming, nevertheless, for Quebec that, regard being had to the means at her disposal, she is not afraid to compare notes with her Western sister in what the first decade after Confederation has accomplished, or even with that bright galaxy of Colonial stars, to which the hon. member for Argen-teuil referred, on a previous occasion, when he spoke of their wonderful resources, and of the abundant means, which were at their disposal, to meet the obligations of government, and the claims for internal development, as compared with ours.

COMPARISON WITH THE AUSTRALIAN COLONIES.

Since then I have looked with some care into the obligations of these colonies, the obligations they have undertaken, the means at their disposal to meet them, and, without wearying the House too much, or abusing unreasonably the great patience which you, and the members, have manifested to me, I cannot refrain from placing a few of the facts and figures before you, which will show, more than any mere words of mine could demonstrate, how very far from accurate are the roseate hues with which, I presume, the exuberance of youth, has led my honorable friend to regard the financial position of those grand and flourishing outgrowths of the British Empire. I do not deny their enterprise, their prosperity, their financial soundness; but I do say that the Province of Quebec, with her debt and her assets and resources, is the peer of any one of them at this moment. What may be in the great undeveloped future, I cannot say for them, or us; but to-day, I repeat, we are the peer of the best of them. What are the facts? Our debt is eight million three hundred thousand dollars, or seven dollars per head; add to this, if you like, our proportion of the Dominion debt, say thirty million more, or thirty dollars per capita more (although with this latter amount we have here, and in connection with our Provincial Exchequer, nothing to do). How does this compare with the other British colonies, and take, for instance, the Australian ones? In 1873 there were 458 miles of railways open, and 145 miles building. New South Wales, 401 miles open and 58 building. South Australia, 202 open and 148 building. Queensland, 218 open and 144 building. Tasmania, 45 open and 121 building. Western Australia, 40 open and 35 building. In 1873 New Zealand, with a population of 310,437, or just about one-quarter of ours, owed £12,509,546, or \$200 per head, and her debt has since probably increased. In 1874, Western Australia with a

population of 25,761 owed \$175,000, or \$3 per head, but was about to undertake public works which her Provincial Secretary proposed to pay for by a loan. Tasmania, in the same year, with a population of 104,217, and a debt of about seven and a half millions of dollars, or about \$70 per head; Queensland, the same year, with a population of 146,690, owed about twenty four millions of dollars, or about \$160 per head of its population; South Australia, with a population of 198,257, owed about eleven millions of dollars, or about \$55 per head; New South Wales, with a population of 560,275, owed a debt of about fifty-five millions of dollars, or about \$37 per capita, and has borrowed \$400,000 this year for immigration purposes; and, finally, the great colony of Victoria, with a population of 700,492, owed about sixty-three millions of dollars, or about \$30 per head of her population; and the last news from there is a deficit of \$573,309.90 expected this year—a revenue of £4,904,180, against an estimated expenditure of £5,022,145 stg. Now, if you compare the origin of any one of these debts—I mean by that the purpose for which it was contracted, or the rate of interest paid for the money, or the price realized for the debentures, which are the public acknowledgments of it, the relative cost of the assets (where assets exist, such as railways or telegraphs, and these latter are the chief assets which remain)—you will find that our railway assets here cost per mile much less than any of the others; indeed, in so far as I can gather, our Provincial railways (allowance being made for every expense) will not much exceed the half of the cost of the Australian railways. But, Sir, at this advanced hour of the evening I need not detain you with more facts of this nature, nor with the liabilities and responsibilities of others. We have our own; let me hope our policy amply and equitably provides for them.

THE RAILWAY COMMISSIONERS.

Although the Railway Commissioners' report explains fully the progress of the work entrusted to their charge, nevertheless, I think it would be a satisfactory thing if I were, before proceeding to speak of the manner in which the funds to meet the probable expenditure upon railways are to be provided, to briefly pass in review some of the principal facts connected with these works since December last, the amount paid to the Commissioners, the amounts paid by them to the contractors or expended upon the commission, detailing at the same time the amounts expended upon these railways both before and since they were taken in hand by the Government, the amount which it is expected it will be required to complete the enterprises, the amount still at the disposal of the Commissioners, and finally a few words as

to the progress of the work and the proportion which remains to be done. I quote in doing so from the Commissioners' report.

" In December 1876, the several subsidies granted by the Legislature for the construction of the said roads, being all expended, with exception of \$19,500, and the municipalities having up to that time neglected to pay their subscriptions, the Commissioners obtained from the Provincial Government several advances which, on the first of December instant, amounted to \$2,345,000, on bonds which they were empowered to issue to the extent of three millions of dollars, by Act 39th Vict., Cap. 2. This loan was made out of 'The Consolidated Railway Fund,' under the provisions of the Act 40th Vic. Chap. 2, Section 4."

The Commissioners have received, in all, from the Government, up to the 1st December, instant, from the following sources, \$5,623,969.90, namely :

On subsidies.....	\$3,278,969 90
Loan on their bonds.....	2,345,000 00
Making, as I have said.....	\$5,623,969 90
Out of this sum they have paid :	
1. To the Honorable T. McGreevy.....	2,992,890 11
2. To Mr. Duncan Macdonald.....	2,568,013 82
3. Expenses of Commission, including salaries of Commissioners and their employees, salaries and expenses of two Chief Engineers, and the expenses of surveys between Maskinonge, Terrebonne and Montreal, and between Aymer and Quio River.....	\$71,567 04
Less amount furnished by contractors according to their contract.....	\$19,358 42
	52,208 62
Suspense account.....	2,018 93
Balance in Bank 1st December, 1877.....	8,838 42
	\$5,623,969 90

On the 1st December, instant, Hon. Thos. McGreevy had received on his contract, from all sources, \$3,362,370.26, namely :

From the North Shore Railway Company, coming from the Government of the Province of Quebec, and from the subscription of the City of Quebec.....	364,480 15
From the Commissioners.....	2,992,890 11
From the Government, by amount paid for a note of the North Shore Railway Company.....	5,000 00
	\$3,362,370 26

At the same date Mr. D. Macdonald had received on his contract from all sources, \$3,818,615.80, namely :

From the Northern Colonization Railway.	793,452 03	
From the Commissioners.....	2,668,013 83	
From the Government, amount paid to the Jacques Cartier Bank.....	400,000 00	
From the Government, by amount paid to the Montreal, Ottawa and Western Railway Company.....	57,149 95	
		<u>\$ 3,818,615 80</u>

At the same date the total expenditure on the Quebec, Montreal, Ottawa and Occidental Railway, was \$7,235,213.61, and made up as follows, namely :

Paid to the Hon. T. McGreevy.....	\$3,362,370 26	
Paid to Mr. Duncan McDonald.....	3,818,615 80	
Paid expenses of the Commission, not including the amount furnished by contractors, according to contract.....	52,208 62	
Suspense account.....	2,018 93	
		<u>\$ 7,235,213 61</u>

At the same date the sums remaining to be disbursed to complete the Road, were approximately the following :—

Approximate cost of the Line between Quebec and Montreal (including \$416,387.75 for the Piles Road)	\$4,935,045 44	
Less : amount paid the Hon. Thomas McGreevy to the 1st Dec., 1877.....	3,362,370 26	
		<u>\$1,572,675 18</u>
Balance still payable.....		15,000 00
Telegraph Line on the Eastern section....		
Approximate value of the works remaining to be done and materials to be supplied on the 1st December instant, on the Western Section, to complete the works according to contract, including rolling stock and the balance required for the purchase of lands		689,280 80
Approximate cost of the road above Aylmer Station in the City of Montreal, including land	250,000 00	800,000 00
Less : the amount in the Schedule for the station at Montreal	\$20,000 00	
And the approximate value of the land which the contractor of the Eastern Section is obliged to furnish.....	\$40,000 00	
	<u>60,000 00</u>	
		190,000 00
Contingencies		50,000 00
Total		<u>\$3,118,955 98</u>

Towards completing the enterprises, honorable gentlemen will find the Commissioners, at pages 15 and 16 of their Report, declare they have of unexpended subsidies and bonds, &c., \$2,981,355.38.

The following Statement shows the proportion of work done on the Road from Quebec to Aylmer, including the Piles and St. Jerome Branches, up to the 1st December, 1877 :

Total cost of road estimated at.....	\$9,023,013 71
Value of work done.....	7,183,492 58
Proportion.....	79.61 per cent., or 4-5

THE POSITION OF THE RAILWAYS.

From the foregoing mass of figures and facts we may cull the following information :—That, to complete the Government railway to Aylmer, and allowing \$50,000 for contingencies, will cost \$2,261,955.98 ; that it will cost \$600,000 to complete the road above Aylmer, \$15,000 for a telegraph line on the eastern section, *i.e.*, between Quebec and Montreal, and \$190,000 for land damages, erection of station, &c., at Montreal, over and above \$60,000, which the contractors must, under their contracts, contribute towards these objects, making in all \$3,116,955.98 to complete, as I have said, all the proposed Government roads. This estimate is based on work to be done from 1st of December last ; since then, up to the 25th of January, there has been paid \$325,000 on account of these roads, and, of course, is so much to be deducted.

There also has been paid upon the subsidized roads up to the present time \$1,377,323.83, leaving the sum of \$1,819,753.17 yet to be paid to them so soon as it shall have been earned.

Statement of Subsidies to Railways, Province of Quebec, other than the Quebec, Montreal, Ottawa & Occidental Railway, to 26th day of January, inclusive :

RAILWAYS.

RAILWAYS.	GROSS SUBSIDY.	NET SUBSIDY.	AMOUNT PAID.	BALANCE DUE.	LENGTH OF ROAD.
St. Francis, Megantic and International	320,000 00	304,000 00	\$212,904 50	\$91,095 50	80 miles.
Quebec Central	400,000 00	380,000 00	292,408 62	87,531 38	100 "
Levis and Kennebec.....	360,000 00	342,000 00	205,107 65	136,892 35	90 "
South Eastern (original).....	43,000 00	40,850 00	40,850 00		
Do. Richelieu, Drummond and Arthabaska	360,000 00	342,000 00	272,891 87	69,108 13	
Montreal, Portland and Boston	224,000 00	212,800 00	86,810 49	125,989 51	56 "
Waterloo and Magog	172,000 00	163,400 00	86,450 00	76,950 00	43 "
Montreal and Laurentian.....	60,000 00	57,000 00	57,000 00		15 "
Baie des Chaleurs	270,000 00	256,500 00	12,840 95	243,650 05	180 "
Lake Champlain and St. Lawrence Junction	400,000 00	380,000 00	82,650 00	297,350 00	100 "
Frontier (lapsed)			6,027 00		
Missisquoi and Black River Valley	150,000 00	142,500 00	21,322 75	121,177 25	60 "
Quebec and Lake St. John.....	600,000 00	570,000 00		570,000 00	150 "
	<u>\$3,359,000 00</u>	<u>\$3,191,059 00</u>	<u>\$1,377,323 83</u>	<u>\$1,819,753 17</u>	

It is estimated that the sum of \$500,000 will meet all the demands upon the Treasury by these roads during the present year (1878). And if you add the sum of \$2,261,955.98, amount which the Commissioners estimate as necessary to complete the Government road to Aylmer, you have a total of \$2,761,955.98, which is likely to be required for these works during the year. Beyond this there is the

WESTERN EXTENSION OF THE Q. M. O. & O. RAILWAY

above Aylmer, and its attendant cost of construction, which we will now consider. As the House is aware, the Commissioners have caused a survey to be made, and have invited tenders for this road west of Aylmer, as far as the village of Quio, and it is the intention of the Government to go on and build that section of the road, between Aylmer and its connection with the Georgian Bay branch of the Canada Pacific Railway, in time to meet the latter when it shall have reached the Ottawa River, whether that be at Douglas or Renfrew. But owing to the Hon. Mr. Mackenzie, and the Government at Ottawa, having cancelled their original contract with the late Hon. A. B. Foster, and they having declared that further explorations were necessary before the road could be constructed, or even let out to contract; and as, moreover, it was uncertain where the eastern terminus would be placed, it became obviously impossible for this Government to make any further progress with this work, than cause a survey to be made as far above Aylmer, as it was certain no subsequent deviation from Renfrew, or Douglas, could effect the line through Pontiac. This point was thought to be the Quio village, and accordingly that survey was made and tenders invited, the intention being, as I have said, that we would go on with the work of our line, as fast as was necessary to meet the Pacific line, when it reached the terminal point on the Ottawa. Mr. Mackenzie stated, at the close of last session, that his Government would be prepared to state its policy at the approaching session. In a few weeks we will know what it is, and as we are ready to go on and make the connection, so soon as he shall have done the part which the Dominion Government has assumed, this crowning part of the grand scheme to connect the great West and tide-water, by a line of railway as far as possible through this province, need not be much longer deferred. It is not the intention, and never was the intention of the Government, to build a mere local road into Pontiac; its intention, as it always has been, was to give the people of this Province a road connecting with the Canada Pacific at the West, and the seaboard

and eastern system of railway going east. These surveys have satisfied the Commissioners that the western section to Portage du Fort can be constructed for a little more than half of what it was estimated it would cost, viz., \$500,000, in place of \$1,000,000, and the progress of that section only awaits the action of the Dominion Government with respect to the other, or Georgian Bay section.

Now, taking the sum total required to complete the Government roads at \$3,116,955.98, less \$325,000 since 1st of December paid, and the sum of \$1,819,753.17 necessary to pay all unearned subsidies, and you have the gross unliquidated liabilities of the Province, which amount to \$4,611,709.15. To meet this you still have in the Consolidated Railway Fund the following sums, viz :

The Railway Commissioners' Bonds for \$3,000,000, less	
\$500,000 loaned on them by the Bank of Montreal,	
or.....	\$2,500,000 00
We have unpaid by Montreal and Quebec of their sub-	
scriptions.....	1,510,355 38
There is of other municipal subscriptions.....	459,000 00
Making a total of.....	\$4,469,355 38

It is not likely, indeed it is certain, that this total sum of \$4,611,709.15 will not be wanted this year. We may safely deduct \$400,000 from the Western extension. And as to the amount likely to be earned this year by the subsidized roads, I have already stated we do not expect more than \$500,000 will be claimed. Hence we expect to spend upon the Q. M., O. & O. Railway \$2,716,955.98, less \$325,000 paid since 1st December, or \$2,391,955.98, and upon subsidized roads, \$500,000; total, \$2,891,955.98. This is the anticipated gross railway expenditure for the year out of the fund of \$4,469,355.38, and will leave in the fund, if the bonds sell at par, \$1,577,399.40, to meet a contingent liability of \$1,719,753.17, or in other words, there will be \$142,353.77 to provide for when all the Government roads are done and all the subsidized roads are also done. Of course, any discount which the bonds may be subjected to, will diminish *pro tanto* the amount of this fund. On the other hand, if it should chance that any one of the many roads now subsidized should not be constructed, either in whole or in part, the fund will gain to that extent. Thus, Sir, if the committee has followed me, and I have not exhausted its forbearance, do we propose to deal with the ques-

tions of how the enterprises undertaken by us are to be completed, how the subsidies to enterprises undertaken by others are to be provided for, and how the necessary augmentation to the revenue is to be obtained. We have not attempted to deal with this latter subject in a peddling or meddlesome spirit. We have not sought by the imposition of a tax here, and another tax there, to deal with the question. We have concluded it was necessary to raise a certain sum of money, and we have asked ourselves, regard being had to the burthens at present pressing upon the people, in what manner or by what means can this be most justly, most easily and most certainly obtained, and we have found, or thought we found, the solution of this question, in the tax I have suggested. We have made no effort to conceal the difficulties of the position, nor the amount of money necessary to relieve the Treasury, I will not say from its embarrassments, for it never had any, but from its obligations. We have finally taken you into our fullest confidence; we have given you the benefit of our reflections upon the subject. We think we have solved the difficulties of the position, and this in a manner, to do no rank, calling or nationality any injustice. We are persuaded that the burthen we propose will be easily borne and be equal and uniform in its pressure. Your endorsement of this policy and these views will show to the people of this Dominion and elsewhere that we have still an abiding faith in the future of this Province, and in the great enterprises or public works which it has undertaken to subsidize or construct. That, when from any cause an important item of revenue, such as the Crown Lands, falls off, we are prepared to supply and have the means to supply the deficiency; that there are ample means at the disposal of the Province for every obligation which it has contracted, or which it may deem wise to contract; and finally, that we can, without difficulty or interruption to the steady progress of our prosperity, find means of meeting every fiscal demand necessary for maintaining public faith, for protection against internal disturbance, for the construction of internal improvements, and for the maintenance of every institution belonging to a good Government which has been committed to us by the constitution, and is conducive to the social or moral progress of the people.

We have only to believe ourselves rich and we are rich; we have only to place faith in our means and they will be found sufficient for every rational or needful purpose. But real weakness may be created by yielding to apprehensions which have their origin only in ignorance, and many of the worst effects of national poverty may be produced

by an insufficient appreciation of the strength of our resources, and by a short-sighted impatience of fiscal pressure, which is really light in itself and utterly insignificant when compared with the value and importance of the objects for the attainment of which it is imposed.

The Hon. Treasurer resumed his seat at 10:20, having occupied two hours and fifty minutes in the delivery of his speech.

